PART IV

Section 2-C

RULES, ORDERS AND NOTIFICATIONS UNDER MYSORE ACTS AND ORDINANCES.

NOTIFICATION.

No. A F. 4887—C.S. 30-52-1, dated Bangalore, 14th August 1952.

In exercise of the powers conferred by Sections 66, 89 and 103 of the Mysore Co-operative Societies Act, 1948, (Mysore Act No. LII of 1948), and in supersession of the rules issued in Notifications No. 326—E.C. 66-18-13, dated 9th July 1920, and No. G. 5929—L.M. 4-29-49, dated 11th November 1929, His Highness the Maharaja of Mysore is pleased to make the following Rules, the draft of the same having been previously published in the *Mysore Gazette* dated 24th November 1949 in Notification No. A.F. 2954—C.S. 130-48-2, dated 11th October 1949 as required by sub-section (3) of Section 66 of the said Act.

The Mysore Co-operative Societies Rules, 1952.

1. (1) These Rules may be called the Mysore Co-operative Societies Rules, 1952.

(2) They shall come into force on the 1st day of September 1952.

(3) In these Rules,

(*a*) 'Act' means The Mysore Co-operative Societies Act, 1948.

(*b*) Words and expressions used in these Rules shall have the meanings, respectively assigned to them in the Act.

(4) 'Sale officer' means an officer of the Department of Co-operation empowered by the Registrar by special or general order to attach and sell the property of judgment-debtors or to execute the decisions or awards or orders having the force of decrees passed by the Registrar or Registrars of Divisions or a Liquidator of co-operative society or to execute or carry out any other orders of the

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Registrar or the Registrar of the Division or a Liquidator of a co-operative society in regard to the attachment and sale of property.

(5) 'Registrar of the Division' means a person subordinate to the Registrar who is empowered to exercise in that district the powers of a Registrar under Section 64 of the Act.

(6) 'Judgment-debtor' means a person against whom a decree, decision, award or order having the force of a decree has been passed and who has not satisfied the said decree, decision, award or order having the force of a decree.

Application for Registration.

2. (i) Every application for the Registration of a society under Section 9, sub-section (i) of the Act shall contain the particulars specified in and be in the form of schedule appended to these Rules.

(ii) With every such application shall be submitted three copies of the bye-laws proposed for the society.

Subject matter of bye-laws.

3. (1) The matters in respect of which every society shall make bye-laws are the following, namely :—

(*a*) the name and address of the society ;

(*b*) the area of operations of the society ;

(*c*) the objects of the society ;

(*d*) the purposes to which its funds are applicable ;

(*e*) the qualifications for admission to membership and the payment, if any, to be made or interest to be acquired as a condition of exercising the right of membership ;

(*f*) the nature and extent of the liability of the members for the debts contracted by the society ;

(*g*) the circumstances under which withdrawal from membership shall be permitted ;

(*h*) the procedure to be followed in cases of withdrawal, ineligibility and death of members ;

(*i*) the conditions, if any, under which the transfer of a share or the interest of a member shall be permitted ;

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(*j*) the nature and amount of the share capital, if any, of the society and where there is a share capital, the maximum share capital which a single member can hold;

(*k*) the circumstances under which the society may borrow funds and the procedure to be followed in so borrowing;

(*l*) the entrance and other fees and the fines, if any, to be collected from members;

(*m*) the maximum loan admissible to a member and the procedure to be followed in granting loans and extensions of time for the repayment or renewals thereof and in recovering loans from members;

(*n*) the conditions on which loans and extensions of time for the repayment or renewals thereof, may be granted to members;

(*o*) the consequences of default in payment of any sum due by a member;

(*p*) the method of appropriating payments made by members from whom moneys are due;

(*q*) the maximum rate of dividend or bonus payable on the paid-up share capital to members;

(*r*) the rates of interest payable by the society on borrowed funds and by members on loans granted to them;

(*s*) in the case of productive and distributive societies, the procedure to be followed in purchasing and selling consumer goods and stores, raw materials and finished products and in stock-taking;

(*t*) the mode of holding meetings, the right of voting and subject to rule, the manner of making, altering and abrogating bey-laws;

(*u*) the mode of appointment and removal of the Committee and of other officers, and the duties and powers of the committee and such officers;

(*v*) the method of recruitment, the conditions of service (leave, provident fund, gratuity etc.,) and the 'authority competent to fix, revise or regulate the scale of pay and allowances' of paid officers and servants of the society and the procedure to be followed in the disposal of disciplinary cases against them;

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(*w*) the mode of custody and investment of the funds, and, subject to Rules 9A and 9B, the mode of keeping accounts ;

(*x*) the authorization of an officer or officers to sign documents and to institute and defend suits and other legal proceedings on behalf of the society ;

(*y*) the disposal of the net profits ;

(*z*) the preparation and submission of the annual statements prescribed by the Registrar and the publication of the same ; and

(*aa*) whether the society is to be affiliated to any financing bank or other institution.

(2) A society may make bye-laws in respect of any other matters incidental to the management of its business.

Procedure on receipt of application.

4. (1) The Registrar shall examine the application and the bye-laws to satisfy himself that the application and the bye-laws are not contrary to the Act and the Rules, that the bye-laws are suitable for carrying out the objects of the society and that the proposed society has reasonable chances of successful working, having regard to the local conditions and may call for such further information or make such inquiry as he may deem necessary. He may make such alterations in the draft bye-laws submitted with the application as he may deem necessary, provided the written consent of the signatories to the application is obtained to such alterations.

(2) If the Registrar is not satisfied on all or any of the above-mentioned points, he shall refuse to register the society, but if he is satisfied, he may register the society and the bye-laws and grant to such society free of cost a Certificate of Registration and a copy of the bye-laws as approved and registered by him.

(3) In every case in which the Registrar refuses to register the society, he shall record in writing the reasons for his refusal and shall communicate his decision to the applicants.

5. The Registrar shall keep a register of the names and addresses of all the societies.

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6. When a society has been registered, the bye-laws submitted under Rule 2, sub-rule (ii). shall, with the modifications approved by the Registrar, become the bye-laws of the society and they shall be read at a general meeting attended by not less than two-fifths of the total number of the members on the register of the society.

7. (1) The following procedure shall be adopted in regard to amendments to the bye-laws of a society :— Procedure regarding amendment of bye-laws.

(i) Every amendment shall be made only by a resolution passed by a majority *viz.*, 2/3 of the numbers present at a meeting of the general body of the members of the society.

(ii) No such resolution shall be valid unless notice of the proposed amendment has been given to all the members of the society in accordance with the bye-laws.

(iii) Every application made to the Registrar for the registration of an amendment shall be signed by President and two members of the committee, and shall contain the following particulars, namely :—

(*a*) the date of the general body meeting at which the amendment was made ;

(*b*) the number of days' notice given to convene the general body meeting ;

(*c*) the total number of members of the society on the date of such meeting and the quorum for a meeting of the general body as per the bye-laws ;

(*d*) the number of members present at such meeting ; and

(*e*) the number of members present at the time of voting on the amendment and the number of members who voted for the amendment.

(iv) Notwithstanding anything contaied in clauses (i) to (iii), the Registrar may, by order in writing, permit the bye-laws of a society to be amended by such smaller body representing the members of the society as may be prescribed in the bye-laws of the society. In such cases all references to

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general body meetings contaied in clauses (i) to (iii) shall be construed as references to the meetings of such smaller body.

(2) In every case in which the Registrar refuses to register an amendment to the bye-laws of a society, he shall briefly record in writing the reasons for his refusal and shall communicate his decision to the society.

N.B.—This rule does not apply to amendments to bye-laws under Section 14 of the Act.

8. (1) Notwithstanding anything contained in the bye-laws of a society, no person shall be the Honorary Secretary of a society for a continuous period exceeding three years at a time, except on the sanction in writing of the Registrar or the Registrar of the Division within whose territorial jurisdiction the society is situated, provided that after a continuous period of more than two years preceding the election he has served as Honorary Secretary.

(2) The management of every society situated at district headquarters shall vest in a committee consisting of not less than five and not more than fifteen members elected annually in accordance with the bye-laws of the society. Such bye-laws shall make provision to ensure that not less than one half the total number of members of the committee shall be persons who have not served at any time during the previous two consecutive years on the committee of management. The members who have served the longest period will retire.

The Registrar may, in the case of any society in which he considers that facilities for the enforcement of such restriction regarding the number of members of the relieving committee that could be re-elected do not exist, permit all or any of the retiring members of the committee to be re-elected.

Nothing in this Rule shall apply to the Apex Bank, the Central Land Mortgage Bank and the Mysore Co-operative Institute and to any other Co-operative Institution which may be exempted by Government from the operation of this Rule.

(3) No person being a member of the credit society except a Land Mortgage Bank or of Central Financing Bank or a House Building Society, shall be a member of

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any other credit society, without the general or special sanction of the Registrar, and where a person has become a member of two such credit societies, either or both of the societies shall be bound to remove him from membership upon a written requisition from the Registrar to that effect:

Provided that a month's notice shall be given to the person to select the society in which he wishes to continue as member, and his objections and wishes are duly considered by the Registrar before making the requisition:

Provided further that the Registrar may permit persons who are members of more than one credit society to continue their membership in them only for the purposes of discharging their obligations to these institutions within a period to be fixed by him and not for contracting fresh obligations or for serving on the committees of management of such societies.

(4) No person shall serve simultaneously on the committees of management of more than one society of the same type without the special or general sanction of the Registrar.

N.B.—The decision of the Registrar as to whether two or more societies are of the same type or not shall be final.

(5) Notwithstanding anything contained in the bye-laws of a Society, no member who is in default to the society in respect of his dues for a period of three months or more and who has not paid up the amounts overdue at least seven days before the date of the general meeting, in spite of a notice having been issued to him, shall be eligible to vote at the general meeting of such Society.

Explanation.—A member shall not be deemed to be a defaulter if he obtains from the committee of management an extension of time for the payment of a debt before it becomes due but not after.

(6) If any member during the term he has been elected or appointed to the committee of management or other office of a society continues to be in default to the society in respect of his dues for a period of three months and more, he shall *ipso facto* cease to be a member of the committee of management and to hold the office to which he was elected or appointed.

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Exception.—This Rule does not apply to such of the rural societies as may be exempted by the Registrar and also to such of the urban societies which are considered by him to be in need of such exemption on account of the backwardness of its members.

Books of Accounts to be maintained by societies.

9. (1) Every credit society shall keep the following books and accounts namely :—

(i) A Minute Book in which the proceedings of general meetings shall be recorded.

(ii) A minute book in which the proceedings of the committee meetings shall be recorded.

(iii) Register of members and shares and the names of nominees, showing the serial number, name, age and address of each member, the date of his admission, the shares taken up by him and the amount paid by him from time to time towards such shares and the amount of share capital, if any, refunded to him, with the dates of receipts and refunds and also the dividends payable and paid, the date of removal from membership, the reasons therefor, and the date of committees's resolution ordering removal, and the name and address of the nominee and relationship.

(iv) Cash Book showing daily receipts and disbursements and the balance at the end of each day.

(v) Deposit ledgers (one for each kind of deposit).

(vi) Ledger of borrowings of the society.

(vii) Members' loan ledger showing the date of disbursement of each loan, bond number, voucher number, terms of repayment, (due date, rate of interest, etc.,) dates of repayment, amount repaid towards principal, interest or penal interest and balance outstanding.

(vii) Bond register giving particulars of each loan issued and the date of its discharge and return of the bond.

(ix) Register of overdues.

(x) Register of suits filed and decrees obtained.

(xi) Register of immovable properties of defaulters bought by the society in decree execution sales.

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(xii) Receipt book (containing forms in duplicate suitable for carbon copies being taken).

(xiii) Voucher book for receipts obtained by the society for all payments made by the society (serially numbered and chronologically maintained).

(xiv) Register of monthly receipts and disbursements statement.

(xv) General Ledger.

(xvi) In the case of a society with unlimited liability register of properties owned by the members.

N.B.—The statement shall show the assets and liabilities of each individual member on the date of his admission as well as on the 30th June of each subsequent year. Full details of property including Survey numbers, area, assessment, etc., should be given.

(xvii) Balance sheet register.

(xviii) Such other accounts and books as may be prescribed by the Registrar.

(2) Consumers' or Producers' societies and such societies with credit branches shall maintain all the books and accounts prescribed for credit societies and also the following:

(i) Goods ledger containing a classification of goods stocked and sold.

(ii) Purchase book.

(iii) Sales book.

(iv) Sales bills.

(v) Register of purchases made by each member and dividend thereon.

10. Every member of a society based on unlimited liability shall submit to such society at the time of his admission as well as at the close of each co-operative year a statement of his assets and liabilities duly verified to be correct and true, in such form as may be prescribed by the Registrar.

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Power of Registrar to direct accounts and books to be written up.

11. The Registrar may by order in writing direct any society to get any or all the accounts and books required to be kept by it under Rule 9 written up to such date, in such form and within such time as he may direct. In case of failure by any society to do so, the Registrar may depute an officer subordinate to him to write up the accounts and books. In such cases, it shall be competent to the Registrar to determine, with reference to the time involved in the work and the emoluments of the officer deputed to do it, the charges which the society concerned should pay to the Government and to direct its recovery from the society.

Certifying copies of entries in books.

12. For the purpose specified in sub-section (1) of section 30 of the Act, a copy of an entry in the books of a society regularly kept in the course of business shall be certified,

(*a*) by not less than two members of its committee of whom one shall be the Secretary and shall also bear the society's seal, or

(*b*) where an order has been passed under section 48 of the Act, appointing a Liquidator of the society, by the Liquidator.

The charges to be levied for the supply of such certified copies shall not exceed the amounts prescribed in that behalf by the Registrar from time to time.

Publication of the balance sheet, etc., by the societies.

13. Soon after the close of the official year (which will be from 1st July to 30th June) the accounts of the society shall be audited and the general meeting held not later than 4 months after the close of the official year. A notice for holding the general meeting together with a copy of the agenda and a calendar of events for holding the election of members to the committee of management shall be sent to all the members not less than 15 days before the date fixed for the annual general meeting. The committee shall publish an annual balance-sheet showing the assets and liabilities of the society, a profit and loss account, and a statement of receipts and payments. The balance sheet, the profit and loss account and the statement of receipts and payments, the Auditor's Report and the Committee's replies to the observations of the Auditor and Notes of inspection, if any, of the society

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by the Registrar or of his Assistants, shall be open to the inspection of any member during office hours at the office of the society. Copies of the balance sheet, the profit and loss account and the statement of receipts and payments, the Auditor's report and the Committee's replies to the observations of the Auditor, and such extracts from the Notes of Inspection of the society by the Registrar or his Assistants, as the Registrar may direct, shall be sent to all the members of the society along with the annual report. The Registrar shall have power to exempt societies or class of societies from the operation of this rule to such extent as he may deem fit.

Appointment and registration of nominees.

14. (1) Every member of a society may nominate a person to whom, under sub-section (1) of section 26 of the Act, his share or interest may be transferred or the value thereof and any sum payable under sub-section (2) of the said Section, may be paid.

(2) The name and address of every person so nominated shall be entered in the register kept under Rule 9 (1), Clause (iii).

(3) The value of the share or interest of a deceased member referred to in Section 26 of the Act shall be ascertained by the Committee, who shall for this purpose estimate the respective amounts due from and to such member on the day of his death and deduct the former from the latter.

Disputes.

15. (1) The reference to the Registrar of any dispute under Section 52 of the Mysore Co-operative Societies Act, No. LII of 1948, shall be in writing and shall be submitted in the form, if any, prescribed by the Registrar and duly stamped in accordance with the scale, if any, prescribed by Government in this behalf.

(2) (*a*) Where one of the parties to the dispute is a minor or a person of unsound mind, the Registrar or the Registrar of the Division who is deciding the dispute, on being satisfied of the fact of his minority or unsoundness of mind, shall appoint a proper person to be guardian for such minor or person of unsound mind. The Officer making the appointment, may, for sufficient reasons, permit such person to retire or may remove him and appoint a new guardian in his place.

(*b*) When a necessity arises for the appointment of a guardian to a minor or a person of unsound mind in a dispute before an arbitrator or Board of Arbitrators or other person deciding the dispute, the file may be returned to the Registrar, the Deputy Registrar or the Assistant Registrar who referred the dispute to him, for the appointment of a guardian.

(3) When the Registrar refers a dispute to arbitration, he may decide whether the arbitration shall be by one person or by more than one. If the arbitration is by one person, the Arbitrator shall be appointed by the Registrar. If the arbitration is by more than one person, the Board of Arbitrators shall consist of three persons, of whom one shall be appointed by the Registrar at the time of referring the dispute to arbitration, one by the society and one by person or persons against whom the dispute is filed. The nomination referred to above shall be made by the parties concerned within fifteen days after notice by the Registrar, failing which the Registrar may himself make the nominations. The person appointed by the Registrar to the Board of Arbitrators shall be the Chairman of the Board.

(4) The Registrar, the arbitrator, the Board of Arbitrators or other person deciding the dispute shall have power to administer oaths and to require the attendance of the parties concerned and of witnesses and to require the production of all books and documents relating to the matter of the dispute.

(5) The Registrar, the arbitrator or the chairman of the Board of Arbitrators or other person deciding the dispute shall record a brief note in English or in Kannada the evidence of the parties and the witnesses who attend and upon the evidence so recorded and after consideration of any documentary evidence produced by the parties, a decision or award, as the case may be, shall be given in accordance with justice, equity and good conscience, by such Registrar, arbitrator or Board of Arbitrators or other person. The decision or award shall be reduced to writing and signed by the Registrar, Arbitrator or Board of Arbitrators or other person hearing the dispute. If any party duly summoned to attend fails to appear, the dispute may be decided *ex parte*. *Ex parte* decisions or awards may, on sufficient and satisfactory cause for non-attendance being shown, be set aside by the Registrar and the dispute ordered to be disposed of on merits.

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But applications for setting aside *ex parte* decisions or awards should be made within one month from the date of decision or award or from the date of knowledge of such decision or award having been passed. Applications for setting aside *ex parte* decisions or awards should be disposed of after hearing or after giving reasonable opportunity for being heard to both the parties to the dispute.

(6) (*a*) In disputes settled by a Board of Arbitrators the award shall be in accordance with the decision of the majority of the members of the Board where it is not unanimous.

(*b*) When an award has been made, the person or persons who made it should cause it to be filed in the office of the Registrar together with any depositions and documents which have been taken and proved before them and notice of the filing shall be given to the parties.

(7) Where the decision or award involves the payment of money or delivery of grain and such payment is not made within one week or such further time as may be allowed by the Registrar, the Registrar may on the application of the decree-holder issue a certificate as provided for in Section 54 of the Act. The certificate shall be in the following form:—

Office of the Registrar of Co-operative Societies.

Dispute No.....of.....

Petitioner. *Vs.* Counterpetitioner.

Certified that a decree/decision/award as noted in the enclosure has been passed in the above dispute and the same has not been satisfied (or satisfied in part).

Seal of the Registrar. Signature of the Registrar.

(8) In proceedings under this Rule before the Registrar, the Arbitrator or Board of Arbitrators or other person deciding the dispute, no party to the dispute shall be represented by a Legal Practitioner.

(9) (*a*) The appeal contemplated in Sub-section (5) of Section 52 of the Act shall be preferred in the form of a Memorandum signed by the appellant and presented to the Registrar or Government, as the case may be. The memorandum shall also be accompanied by a copy of the decision appealed from or of the award and shall be stamped according to the scale fixed by Government

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for the decision of disputes under the said Section 52 of the Act.

(*b*) The Memorandum shall set forth concisely and under distinct heads the grounds of objection to the decision appealed from without any argument or narrative and such grounds shall be numbered consecutively.

(*c*) When an appeal is filed under the provisions of Section 52, Sub-section (5) of the Act, the Registrar or Government may order the stay of execution of the decision appealed against on such terms as to giving security or otherwise, as he or they may deem fit until the appeal is disposed of.

(10) (*a*) The following shall be the Scale of Batta to be paid to witnesses summoned under Section 53 of the Act and the same shall be paid by the party at whose instance the witness is summoned :—

Witnesses will be divided into three classes :—

Third Class.—Persons whose monthly income is below Rs. 100.

Second Class.—Persons whose monthly income is Rs. 100 and above.

First Class.—Persons whose monthly income is Rs. 250 and above.

Scale of Batta.

Class of witness	Travelling allowance for journey to and from place of hearing where the latter is in a different station from that of the witnesses			Subsistence allowances including expenses per day
	By rail	By road		
		Where there is a public conveyance such as a motor bus plying for hire	Where there is no public conveyance plying for hire	
III class ...	Single lowest class.	Single lowest class fare ...	Two annas per mile.	Twelve annas.
II class ...	Single II class fare.	Single II class or upper class fare where there are only two classes.	Four annas per mile.	One rupee and eight annas.
I class ...	Single II class fare.	The authority summoning the witness may decide and allow single I class fare where he is satisfied that the witness habitually travels by the highest class available in public conveyances. In other classes, single II class fare only.	Six annas per mile.	Three rupees.

N B.—When the witness resides in the same station as the place of hearing, it will be discretionary with the authority summoning the witness to allow reasonable hire for conveyance (if one is used) in accordance with the status of the witness instead of the subsistence allowances.

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(*b*) On every dispute referred to the Arbitrator or Board of Arbitrators, a fee not exceeding rupee one per dispute shall be paid by the petitioner to the Arbitrator or Board or Arbitrators as incidental expenses.

(*c*) Expenses under (*a*) and (*a*) above shall be treated as costs of the dispute and the authority deciding the dispute shall have full power to determine by whom or out of what property and to what extent such costs and all other costs incidental to the dispute are to be paid and to give all necessary directions for the purposes aforesaid. Where the authority deciding the dispute directs that any costs shall not follow the event, the authority shall state its reasons in writing.

Interest on cost at any rate not exceeding six per cent per annum may be awarded and such interest shall be added to the costs and shall be recoverable as such.

(11) When the decision or award passed under this Rule is executed through the Revenue Agency, all process fees and commission not exceeding $2\frac{1}{2}$ per cent on the amounts realised, whenever special agency is employed by the Revenue authorities for the realisation of claims, shall be recovered from the party or parties against whom the decision or award has been passed, as costs of execution and credited to Government.

N.B.—The word "Registrar" in this Rule shall include the Deputy or Assistant Registrar of Co-operative Societies within whose territorial jurisdiction the society concerned is situated."

16. (1) Every summons issued under the Act shall be in writing, shall be authenticated by the seal, if any, of the Officer by whom it is issued and shall be signed by such Officer or by any person authorized by him in writing in that behalf. Mode of service of summons.

It shall require the person summoned to appear before the said Officer at a stated time and place, and specify whether his attendance is required for the purpose of giving evidence, or to produce a document, or for both purposes; and any particular document, the production of which is required, shall be described in the summons with reasonable accuracy.

(2) Any person may be summoned to produce a document, without being summoned to give evidence; and

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any person summoned merely to produce a document shall be deemed to have complied with the summons if he causes such document to be produced, instead of attending personally to produce the same.

(3) The service of summons under the Act and the Rules, on any person may be effected in any of the following ways :—

(*a*) by giving or tendering it to such person; or

(*b*) if such person is not found, by leaving it at his last known place of abode or business or by giving or tendering it to some adult member of his family; or

(*c*) if the address of such person is known to the Registrar or other authorised person, by sending it to him by post registered; or

(*d*) if none of the means aforesaid is available, by affixing it in some conspicuous part of his last-known place of abode or business.

(4) Person served to sign acknowledgment : Where the serving officer delivers or tenders a copy of the summons to the party personally or to an agent or other person on his behalf, he shall require the signature of the person to whom the copy is so delivered or tendered to an acknowledgment of service endorsed on the original summons.

(5) Endorsement of time and manner of service :—The serving officer shall in all cases in which the summons has been served under sub-rule (4), endorse or annex, or cause to be endorsed or annexed, on or to the original summons a return stating the time when and the manner in which the summons was served and the name and address of the person (if any) identifying the person served and witnessing the delivery or tender of the summons.

(6) Service on civil public officer or on servant of railway company or local authority :—

Where the defendant is a public officer or is the servant of a railway company or local authority, the officer issuing the summons may, if it appears that the summons may be most conveniently so served, send it by registered post, pre-paid for acknowledgment, for service on the defendant, to the head of the office in which he is employed together with a copy to be retained by the defendant.

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17. (1) The Reserve Fund of a society shall be indivisible and no member shall be entitled to claim a specified share therein. Any loss or portion of loss on account of bad debts written off during any year may, with the sanction of the Registrar, be debited to the reserve fund: Provided that (i) no loss be debited to the Reserve Fund without the sanction of the general body, and (ii) before any such loss is debited, the society shall obtain the consent of the financing bank, if any, to which it is indebted. Reserve Fund.

(2) The Reserve Fund shall be invested in one or more of the modes specified in Section 36 of the Act.

(3) With the previous sanction of the Registrar, the Reserve Fund of a society or a part thereof may be utilised as working capital of the society or it may be invested in the purchase or leasing of land or in the construction or acquisition of buildings, or in such other manner as may be necessary or desirable for the conduct of the society's business.

(4) On the dissolution of a society, the Reserve Fund together with the other funds constituted by it out of the profits shall be applied to (i) discharging such liabilities of the society as may remain undischarged out of the assets of the society (ii) to the repayment of the share capital paid up and (iii) if for any period, no dividend has been paid out of profits, to the payment of a dividend for such period at a rate not exceeding four per cent per annum. Such portion of the funds as may remain after the payments mentioned above have been made shall be applied to such local objects of public utility as may be decided upon by the general body of members and approved by the Registrar. If within three months of the dissolution of a society, the general body of members fail to make any selection approved by the Registrar, the Registrar shall credit the funds to the Reserve Fund of any co-operative society with similar objects that may be working in the neighbourhood of the dissolved society or to the Mysore Co-operative Institute.

18. (1) A member of a Co-operative Society shall not, without the sanction of the Registrar, receive in dividend and bonus for one year, a sum exceeding six and a quarter per cent on the share capital actually paid up by him. Dividend.

(2) Penal interest recovered from members in accordance with the bye-laws and rules of business of the society shall not be appropriated towards profits except with the express approval of the Registrar.

(3) In a society with unlimited liability all the net profits shall be credited to the Reserve Fund of the society and no dividend or bonus or honorarium shall be paid except with the general or special sanction of the Registrar.

(4) Every society may earmark 2½ per cent of its net profits subject to a maximum of Rs. 100 in any case, to co-operative propaganda and education.

(5) The bonus or honorarium payable to the office-bearers of Co-operative Societies who hold office honorarily shall not ordinarily exceed in the aggregate 15 per cent of the net profits remaining after contribution to the Reserve Fund subject to a maximum of Rs. 300. The Registrar may, in special circumstances, permit payment, if sanctioned by the General Body, up to Rs. 500 subject to the above limitation of 15 per cent of the net profits remaining after contribution to the Reserve Fund. In cases where the bonus calculated on the above basis falls below Rs. 30, the General Body may, subject to the approval of the Registrar, sanction a bonus not exceeding Rs. 30, whether or not such bonus exceeds 15 per cent of the net profits as hereinto before mentioned. Where no clerical assistance is given to the Secretary, an additional 5 per cent may be allowed to him notwithstanding the fact that such addition may make the whole bonus exceed Rs. 300.

19. Notwithstanding anything contained in these rules or in the bye-laws of a society as to the mode of summoning a general meeting and the quorum, the object, time and place of such meeting, the Registrar or any person authorised by the Registrar may summon at any time a special general meeting of the society in such manner and at such time and place as he may direct and he may specify what matters shall be discussed at the meeting. Such meeting shall have all the powers of an ordinary general meeting called according to these rules and the bye-laws of the society.

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20. Every society shall, from time to time and whenever called upon, furnish the Registrar with such information and with such returns as he may require.

21. Every society accepting deposits from individuals and institutions shall provide for fluid resources in such manner and according to such standards as may, from time to time, be prescribed by the Government in consultation with the Financing Bank. The Government may, however empower the Registrar by general or special order to relax the standard prescribed for a particular society or for a particular class of societies for specified period.

22. (1) It shall be open to the Registrar to order the removal of any officer of a society and also disqualify or debar him from serving on the committee or from holding any office in the society for such period not exceeding three years as he may deem necessary, if he is satisfied that such officer has acted or has been acting fraudulenty or with gross negligence or in contravention of the bye-laws and subsidiary rules of the society or without the sanction of the committee of management when such sanction is necessary or contrary to the resolution of the committee of management or against the lawful written orders issued under the provisions of the Mysore Co-operative Societies Act and the Rules thereunder or in any way prejudical to the best interests of the society:

Provided that (*a*) the Registrar shall give such person a full opportunity to explain his conduct; (*b*) the committee of management of the society concerned shall also be heard or given a reasonable opportunity of being heard in the matter; (*c*) the objection to the continuance of such person on the committee or as other officer or to his election or appointment thereto shall be recorded in full and communicated to the committee of the society and the person concerned and (*d*) an appeal by the person affected shall lie to Government within one month from the date of receipt of such orders of the Registrar by him.

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(2) Any person against whom an order is passed under clause (1) of this rule shall not be liable to be an officer or serve on the committee of another registered society in Mysore during the period the disqualification operates."

Audit Fee.

23. (1) Every society will be liable to pay each year such audit fee as the Registrar may prescribe in accordance with the scale fixed by Government.

(2) The Registrar may, in his discretion, remit the whole or any part of the fee payable under sub-rule (1) by any particular society or by any particular class of societies for such time as is deemed necessary in each case.

(3) The audit fee levied under sub-rule (1) shall be paid by the Society to the Registrar within a fortnight from the date of completion of the audit and on failure to pay as aforesaid, it shall be recoverable in the manner specified in section 63 of the Mysore Co-operative Societies Act.

Loans.

24. The total amount of loans issued by any Co-operative Society in the State and outstanding against the members of its Managing Committee in the aggregate shall not at any time exceed twenty-five per cent of the total of all loans issued by the society and outstanding against its members at that time;

Provided that the Registrar may, for sufficient reasons and subject to such restrictions as may be considered necessary, exempt any particular society or class of societies from the operation of this rule.

25. No loan shall be granted by a Financing Bank to any member other than a registered society except with the general or special sanction of the Registrar.

Liquidation.

26. The following procedure shall be adopted by a liquidator appointed under section 48 of the Act:

(1) The liquidator shall take into his custody or under his control all the books, registers and accounts belonging to the society and all the property, effects and auctionable claims to which the society is entitled.

(2) The liquidator shall ascertain what the dues and other assets of the society and its debts and liabilities are, and shall investigate all claims against the society. The

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liquidator shall publish in such manner as he thinks proper a notice requiring all claims against the dissolved society to be submitted to him within two months from the date of publication thereof. All liabilities recovered in the account books of the society shall be deemed *ipso facto* to have been duly submitted to him.

(3) The liquidator shall decide questions of priority arising between claimants and shall draw up a scheme for the payment of their dues.

(4) The liquidator shall recover all sums and other properties to which the society is entitled and may institute such suits for that purpose or such suits incidental to liquidation proceedings as he may think proper.

(5) The liquidator may empower any person to make collections and to grant valid receipts on his behalf.

(6) If the assets of the society are not sufficient to cover the costs of liquidation and to pay off the liabilities of the society, the liquidator shall—

(i) determine the contribution to be made by the members and past members or by the estates, nominees, heirs or legal representatives of deceased members or by any officers or former officers respectively to the assets of the society, and

(ii) determine by what persons and in what proportion the costs of liquidation are to be borne,

(iii) Should necessity arise, he may also pass subsidary order or orders regarding such contributions and such orders shall be enforceable in the same manner as the original orders themselves.

(7) The liquidator may apply to the Deputy Commissioner of the district or to the Civil Court having local jurisdiction for the execution of his orders in respect of the payment of contribution and the costs of liquidation under section 54 of the Act. Every such application shall be made in the same manner and (so far as may be) shall contain such particulars as is provided in the case of applications for the execution of decrees under the Code of Civil Procedure.

(8) The liquidator shall keep such books and accounts as may from time to time be prescribed by the Registrar, who may at any time cause such books and accounts to be audited.

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(9) The liquidater shall deposit the funds and other assets of the dissolved society which are collected by him or which may come into his possession as liquidator, in such manner and in such place as may, from time to time, be determined by the Registrar.

(10) The Registrar shall fix the amount of remuneration if any, to be paid to the liquidator out of the assets of the society.

(11) The liquidator may call for meetings of the members of the society from time to time.

(12) The liquidator shall, once a month submit to the Registrar a report showing the progress made in winding up the affairs of society and shall, on completion of the liquidation proceedings, convene a general meeting of the members of the dissolved society at which the liquibator shall summarise his proceedings and report what sum, if any, remains in his possession meeting all the liabilities of the society including the share capital and the dividend thereon as per Clause (4) of Rule 17 of these rules to enable the members of the dissolved society to decide as to what objects of local public utility the said sum may be applied. The liquidator shall submit his final report to the Registrar with a copy of the proceedings of the general meeting referred to above and make over to the Registrar all books, books and registers and accounts, etc., belonging to the society and all books and accounts relating to the liquidation proceedings kept by him.

27. Disposal of records of a society which is finally wound up and whose registration is cancelled.

All the books and records of a society whose registration has been cancelled may be destroyed by the Registrar after the expiry of three years from the date of completion of the winding up.

Interlending.

28. For purposes of sub-section (1) of section 33 of the Act, a loan means and includes a deposit made by one society with another society.

Procedure in execution of decrees, decision, award or contribution, Order.

29. (1) The provisions of Section 64 and 65 of the Act in regard to the recovery of the sums specified in Section 64 shall apply in regard to the recovery of like sums due to co-operative societies registered under any

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law for the time being in force in the province of Madras as if such Societies had been registered under the Mysore Co-operative Societies Act.

(2) Any decree-holder requiring the provisions of section 64 of the Act to be applied shall apply to ths Registrar of Division in which the cause of action arose and shall deposit the necessary costs on a scale prescribed by the Registrar. Where, in connection with the proceedings on an application under section 64 of the Act any person requires the issue of any process, or objects to any process issued or proposed to be issued, or requires the adjournment of any proceedings or objects to any order passed, he shall pay such fee as may be prescribed by the Registrar in this behalf. If the judgment-debtor resides or the property to be proceeded against is situated in a division other than that in which the cause of action arose, the application shall be made to the Registrar of the Division in which the cause of action arose who shall transfer the application to the Registrar of the Division where the judgment-debtor resides or the property is situated.

Officer to whom application should be addressed.

(3) Where a judgment-debtor dies before the decree, decision or award has been fully satisfied, on application under sub-rule (2) may be made against the legal representative of the deceased and thereupon all the provisions of this rule shall, save as otherwise provided in this sub-rule, apply as if such legal representative were the judgment-debtor.

Where the decree is executed against such legal representative, he shall be liable only to the extent of the property or the deceased which has come to his hands and has not been duly disposed of; and for the purpose of ascertaining such liability, the Registrar executing the decree may, of his own motion or on the application of the decree-holder, compel such legal representative to produce such accounts as he thinks fit.

Property in the hands of a son or other descendant who is liable under Hindu Law for the payment of the debt of a deceased ancestor in respect of which a decree has been passed, shall be deemed to be the property of the deceased which has come to the hands of the son or other descendant as his legal representative.

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Procedure on receipt of the application by the Registrar.

(4) The application shall be made in the form prescribed by the Registrar and shall be signed by the decree-holder. The decree-holder may indicate whether he wishes to proceed in the first instance, against the immovable property mortgaged to the decree-holder or other immovable property or to secure the attachment of movable property. On receipt of the application, the Registrar of the Division shall verify the correctness and genuineness of the particulars set forth in the application with the records, if any, in his office, and prepare a demand notice in writing in duplicate in the form prescribed by the Registrar, setting forth the name of the judgment-debtor, the amount due and forward it to a sale officer. If the judgment-debtor resides or the property is situated outside the jurisdiction of the Registrar of the Division to whom the application is made such Registrar shall forward the application and the demand notice to the Registrar of the Division in which the judgment-debtor resides or the property is situated.

Order in which proceedings shall be taken.

(5) Unless the decree-holder has expressed a desire that proceedings should be taken in a particular order as laid down in sub-rule (4), execution shall ordinarily be taken in the following manner:—

(i) Movable property of the judgment-debtor shall be first proceeded against, but this shall not preclude the immovable property being proceeded against simultaneously in case of necessity.

(ii) If there is no movable property, or if the sale proceeds of the movable property, or properties attached and sold are insufficient to meet in full the demand of the decree-holder, the immovable property belonging to the judgment-debtor may be proceeded against.

Rules for seizure and sale of movable property. Defaulter be served with demand notice.

(6) In the seizure and sale of movable property, the following rules shall be observed:

(*a*) The sale officer shall, after giving previous notice to the decree-holder, proceed to the town or village where the judgment-debtor resides or the property to be distrained is situated and serve the demand notice upon the judgment-debtor if he is present. If the amount due together with the expenses be not at once paid, the sale officer shall make the

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distress and shall immediately deliver to judgment-debtor a list or inventory of the property distrained and an intimation of the place and day and hour at which the distrained property will be brought to sale if the amounts due are not previously discharged. If the judgment-debtor is absent, the sale officer shall serve the demand notice on some adult male member of his family, or on his authorized agent, or when such service cannot be effected, shall affix a copy of the demand notice on some conspicuous part of his residence. He shall then proceed to make the distress and shall affix the list of the property attached on usual place of residence of the judgment-debtor endorsing thereon the place where the property may be lodged or kept and an intimation of the place, day and hour of sale.

(*b*) After the distress is made, the sale officer may arrange for the custody of the property attached, with the decree-holder or otherwise. Custody of distrained property.

If the sale officer requires the decree-holder to undertake the custody of the property, he shall be found to do so and any loss incurred owing to his negligence shall be made good by the decree-holder. If the attached property is live-stock, the decree-holder shall be responsible for providing the necessary food therefor.

The sale officer, may, at the instance of the judgment-debtor or of any person claiming an interest in such property, leave it in the village or place where it was attached, in the charge of such judgment-debtor or person, if he enters into a bond in the form prescribed by the Registrar with one or more sufficient sureties for the production of the property when called for.

(*c*) The distress shall be made after sunrise and before sunset and not at any other time. Time of distress.

(*d*) The distress levied shall not be excessive, that is to say, the value of the property distrained shall be as nearly as possible proportionate to the sum due by the judgment-debtor together with interest and all expenses incidental to the distraint, detention and sale. Distress to be proportionate to arrears due.

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Distrained cattle or property not to be used.

(*e*) The sale officer shall not work the bullocks or cattle, or make use of the goods or effects, distrained and he shall provide the necessary food for the cattle or livestock, the expense attending which shall be defrayed by the owner upon his redeeming the property, or from the proceeds of the sale in the event of its being sold.

What places sale officer may force open.

(*f*) It shall be lawful for the sale officer to force open any stable, cowhouse, granary, godown, out-house or other building and he may also enter any dwelling house the outer door of which may be open, and may break open the door of any room in such dwelling house for the purpose of attaching property belonging to a Judgment-debtor and lodged therein provided always that it shall not be lawful for the sale officer to break open or enter any apartment in such dwelling house appropriated for the zenana or residence of women except as hereinafter provided.

Powers of sale officer to force open doors in presence of police officer.

(*g*) Where the sale officer may have reason to suppose that the property of a judgment-debtor is lodged within a dwelling house, the outer door of which may be shut, or within any apartments appropriated to women, which, by the usage of the country, are considered private, the sale officer shall represent the fact to the officer in charge of the nearest police station.

On such representation, the officer in charge of the said station shall send a police officer to the spot in the presence of whom the sale officer may force open outer door of such dwelling house, in like manner as he may break open the door of any room within the house except the zenana.

The sale officer may also, in the presence of the police officer, after due notice given for the removal of women within a zenana and, after furnishing means for their removal in a suitable manner, (if they be women of rank who, according to the customs of the locality, cannot appear in public), enter the zenana apartment for the purpose of distraining the judgment-debtors' property, if any, deposited therein, but such property, if found, shall be immediately removed from such

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apartments, after which they shall be left free to the former occupants.

(*h*) The sale officer shall (on the day previous to and on the day of sale) cause proclamation of the time and place of the intended sale to be made by beat of drum in the village in which the judgment-debtor resides and in such other place or places as the Registrar may consider necessary to give due publicity to the sale. Proclamation of time and place of sale and of property to be sold.

No sale shall take place until after the expiration of the period of 15 days from the date on which the sale notice has been served or affixed in the manner prescribed in clause (*a*): Provided that where the property seized is subject to speedy and natural decay, (or where the expenses of keeping it in custody are likely to exceed its value) the sale officer may sell it at any time before the expiry of the said period of 15 days unless the amount due is sooner paid.

Provided also that where property attached under sections 50 or 52 of the Act, is subject to speedy and natural decay or where the expenses of keeping it in custody are likely to exceed its value, the sale officer may sell it at any time before the expiry of the said period of 15 days, and deposit the sale proceeds less costs in the nearest Government Treasury unless the amount specified in the order of attachment is paid earlier.

(*i*) At the appointed time, the property shall be put up in one or more lots, as the sale officer may consider advisable, and shall be disposed of to the highest bidder: Sale how conducted.

Provided that it shall be open to the sale officer to decline to accept the highest bid where the price offered appears to be unduly low or for other reasons.

Where the property is sold for more than the amount due, the excess amount, after deducting the interest and the expenses or process and the other charges, shall be paid to the judgment-debtor:

Provided, further, that the Registrar of the Division or the sale officer, may, in his discretion, adjourn the sale to a specified day and hour, recording his reasons for such adjournment. Where a sale is so adjourned for a longer period than seven days, a fresh proclamation under clause (*h*) shall be made, unless the judgment-debtor consents to waive it.

The sale officer is entitled to the protection of the Judicial Officers (Protection) Act.

Payment on purchase of distrained property.

(*j*) (i) The property shall be paid for in cash at the time of sale, or as soon thereafter, as the officer holding the sale shall specify, and the purchaser shall not be permitted to carry away any part of the property until he has paid for it in full.

Resale in case of default:—(ii) Where the purchaser fails in the payment of the purchase money, the property shall be resold.

Penalty for forcibly or clandestinely taking away distrained property.

(*k*) Where it is proved to the satisfaction of any civil court of competent jurisdiction that any property which has been distrained under these rules, has been forcibly or clandestinely removed by any person, the court may order forthwith such property to be restored to the sale officer.

Withdrawal of distress on tender of moneys due and expenses prior to sale.

(*l*) Where prior to the day fixed for sale, the judgment-debtor or any person claiming an interest in the property attached, pays the full amount due including interest, batta and other costs incurred in attaching the property, the sale officer shall cancel the order of attachment and release the property forthwith.

What property is exempt from attachment.

(*m*) The movable properties mentioned as exempt from attachment in the proviso to section 60 of the Code of Civil Procedure 1911, shall not be liable to attachment or sale under these rules.

Attachment of salary or allowance of public officer or servant of railway company or local authority or firm.

(7) Where the movable property to be attached is the salary or allowance or wages of a public officer or of a servant of a railway company or local authority or a firm or a company, the Registrar of the Division may, on receiving a report from the sale officer, order that the

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amount shall, subject to the provisions of section 60 of the Code of Civil Procedure, 1911, be withheld from such salary or allowances or wages either in one payment or by monthly instalments as the said Registrar may direct and upon notice of the order, the officer or other person whose duty it is to disburse such salary or allowance or wages shall withhold and remit to the sale officer, the amount due under the order or the monthly instalment, as the case may be.

Attachment of share or interest in movables.

(8) (i) Where the property to be attached consists of the share or interest of the judgment-debtor in movable property belonging to him and another as co-owners, the attachment shall be made by a notice to the judgment-debtor, prohibiting him from transferring the share or interest or charging it any way.

Attachment of negotiable instrument.

(ii) Where the property to be attached is a negotiable instrument not deposited in a court, nor in the custody of a public officer, the attachment shall be made by actual seizure and the instrument shall be brought to the office of the Registrar of the Division ordering the attachment and be held subject to his further orders.

Attachment of property in custody of court or public officer.

(iii) Where the property to be attached is in the custody of any court or public officer, the attachment shall be made by a notice to such court or officer, requesting that such property and any interest or dividend becoming payable thereon may be held subject to the further orders of the Registrar of the Division issuing the notice.

Provided that, where such property is in the custody of a Court or Registrar of another Division, any question of title or priority arising between the decree-holder and any other person not being the judgment-debtor, claiming to be interested in such property by virtue of any assignment, attachment or otherwise shall be determined by such Court or Registrar.

Explanation.—In this sub-rule, 'public officer' includes a liquidator appointed under section 48 of the Act.

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Attachment of decree.

(9) (i) Where the property to be attached is a decree either for the payment of money or for sale in enforcement of a mortgage or charge, the attachment shall be made :—

(*a*) If the decree sought to be attached was passed by a Registrar or by any person to whom a dispute was transferred by a Registrar under section 52 of the Act or by an arbitrator or Board of Arbitrators within the local limits of the jurisdiction of a Registrar, then by the order of the Registrar concerned ;

(*b*) If the decree sought to be attached was passed by a Court and has not been sent for execution to any other court, then by the issue to such court of a notice by the Registrar concerned, requesting such court to stay the execution of its decree unless and until,

(A) the Registrar aforesaid cancels the notice, or

(B) the holder of the decree sought to be executed, or the judgment-debtor, applies to the court receiving such notice to execute its own decree ; and

(C) if the decree sought to be attached is pending execution in a court which did not pass the same, then by the Registrar of the Division seeking to attach such decree in execution, sending the notice referred to in sub-clause (*b*) to such court, whereupon the provisions of that sub-clause shall apply in the same manner as if such court has passed the decree and the said notice had been sent to it in pursuance of the said sub-clause.

(ii) Where a Registrar makes an order under sub-clause (a) of clause (i) or when a court receives an application under sub-head (B) of sub-clause (b) of the said clause, such Registrar or court shall, on the application of the decree-holder who has attached the decree or his judgment-debtor, proceed to execute the attached decree and apply the net proceeds in satisfaction of the decree sought to be executed.

(iii) The holder of a decree sought to be executed by the attachment of another decree of the nature specified in clause (i), shall be deemed to be the representative of the holder of the attached decree and to be entitled to execute such attached decree in any manner lawful for the holder thereof.

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(iv) Where the property to be attached in execution of a decree is a decree other than a decree of the nature referred to in clause (i), the attachment shall be made by the issue of a notice by the Registrar of the Division to the holder of such decree, prohibiting him from transferring or charging the same in any way; and where such decree has been passed by any court or by a different Registrar or by a person to whom a dispute was transferred under section 52 of the Act by a different Registrar or by an arbitrator or Board of Arbitrators in another division, also by sending to such court or to the Registrar of the Division concerned, as the case may be, a notice to abstain from executing the decree sought to be attached until such notice is cancelled by the Registrar who sent the notice.

(v) The holder of a decree attached under this sub-rule shall give the court or the Registrar of the Division executing the decree such information as may reasonably be required.

(vi) On the application of the holder of a decree sought to be executed by the attachment of another decree, the Registrar of the Division making an order of attachment under this sub-rule shall give notice of such order to the judgment-debtor bound by the decree attached; and no payment or adjustment of the attached decree made by the judgment-debtor in contravention of such order after receipt of notice thereof, either through the said Registrar or otherwise, shall be recognised so long as the attachment remains in force.

(10) Where the movable property to be attached is— Attachment of debt, share and other property not in possession of defaulter.

(*a*) a debt due to the judgment-debtor in question,

(*b*) a share in the capital of a corporation or a deposit invested therein, or

(*c*) other movable property not in possession of the judgment-debtor, except property deposited in, or in the custody of, any Civil Court, the attachment shall be made by a written order signed by the Registrar of the Division prohibiting:—

(i) in the case of the debt,—the creditor from recovering the debt and the debtor from making payment thereof;

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(ii) in the case of the share or deposit—the person in whose name the share or the deposit may be standing from transferring the share or deposit or receiving any dividend or interest thereon;

(iii) in the case of the other movable property except aforesaid, the person in possession of it over to the judgment-debtor.

A copy of such order shall be sent in the case of the debt, to the debtor; in the case of the share or deposit to the proper officer of the corporation; and in the case of other movable property (except as aforesaid) to the person in possession of such property. As soon as the debt referred to in clause (a) or the deposit referred to in clause (b) matures, the Registrar of the Division may direct the person concerned to pay the amount to him. Where the share is not withdrawable, the said Registrar shall arrange for its sale through a broker. Where the share is withdrawable, its value shall be paid to the said Registrar or to the party concerned as soon as it becomes payable. In the case of the other movable property referred to in clause (c), the person concerned shall place in the hands of the said Registrar, as soon as it becomes deliverable to the judgment-debtor.

(11) Immovable property shall not be sold in execution of a decree unless such property has been previously attached:

Provided that where the decree has been obtained on the basis of a mortgage of such property, it shall not be necessary to attach it.

Procedure in attachment and sale of immovable property.

(12) In the attachment and sale (or sale without attachment) of immovable property the following rules shall be observed :—

Description of immovable property to be proceeded against.

(*a*) The application presented under sub-rule (4) shall contain a description of the immovable property to be proceeded against, sufficient for its identification, and in case such property can be identified by boundaries or numbers in a record of settlement or survey, the specification of the judgment-debtor's share or interest in such

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property to the best of the belief of the decree-holder and so far as he has been able to ascertain it.

(*b*) The demand notice issued by the Registrar under sub-rule (4) shall contain the name of the defaulter, the amount due, including the expenses, if any, and the batta to be paid to the person who shall serve the demand notice, the time allowed for payment and in case of non-payment, the particulars of the properties to be attached and sold or to be sold without attachment, as the case may be. After receiving the demand notice, the sale officer shall serve or cause to be served a copy of the demand notice upon the judgment-debtor or upon some adult male member of his family at his usual place of residence or business or upon his authorised agent, or if such personal service is not possible, shall affix or cause to be affixed a copy thereof on some conspicuous part of his last known residence, or on some conspicuous part of the immovable property about to be attached and sold or sold without attachment, as the case may be : Mode of service of demand notice.

Provided that where the Registrar is satisfied that a judgment-debtor with intent to defeat or delay the execution proceedings against him is about to dispose of the whole or any part of his property, the demand notice issued by the Registrar under sub-rule (4) shall not allow any time to the judgment-debtor for payment of the amount due by him and the property of the judgment-debtor shall be attached forthwith.

(*c*) If the judgment-debtor fails to pay the amount specified in the demand notice within the time allowed, the sale officer shall proceed to attach and sell or sell without attachment, as the case may be, the immovable property noted in the application for execution in the following manner. Procedure when defaulter neglects to pay.

(*d*) Where attachment is required before sale, the sale officer shall, if possible, cause a notice of attachment to be served on the judgment-debtor personally. Where personal service is not possible, the notice shall be affixed in some conspicuous part of the judgment-debtor's last known residence, if any. The fact of attachment shall also be proclaimed by beat of *tom tom* or other customary mode at some place on or adjacent to such property and at such other place or places as the Registrar of the Division may consider necessary to give due publicity to the sale. Mode of attachment.

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The attachment notice shall set forth that unless the amount due with interest and expenses be paid within the date therein mentioned, the property will be brought to sale. A copy shall be sent to the decree-holder. Where the sale officer so directs, the attachment shall also be notified by public proclamation in the official Gazette.

Proclamation before sale.

(*e*) Proclamation of sale shall be published by affixing a notice in the Office of the Registrar of the Division and also in the Taluk Office at least thirty days before the date fixed for the sale and also by beat of *tom tom* in the village on two consecutive days previous to the date of sale and on the day of sale prior to the commencement of the sale. Such proclamation shall, where attachment is required before sale, be made after the attachment has been effected. Notice shall also be given to the decree-holder and the judgment-debtor. The proclamation shall state the time and place of sale and specify as fairly and accurately as possible—

(i) the property to be sold;

(ii) any encumbrance to which the property is subject;

(iii) the amount for the recovery of which the sale is ordered, and

(iv) every other matter which the sale officer considers material for a purchaser to know, in order to judge the nature and value of the property.

Sale to be by public auction.

(*f*) When any immovable property is sold under these rules, the sale shall be subject to the prior encumbrances on the property, if any. The decree-holder shall, when the amount for the realisation of which the sale is held exceeds Rs. 100, furnish to the sale officer within such time as may be fixed by him or by the Registrar of the Division an encumbrance certificate from the Registration Department for a period of not less than twelve years prior to the date of attachment to the property sought to be sold, or in the cases falling under the proviso to sub-rule 10, prior to the date of the application for execution. The time for production of the encumbrance certificate may be extended at the discretion of the sale officer or the Registrar of the Division as the case may be. The sale shall be by public auction to the highest bidder, provided that it shall be open to the sale officer to declines to accept the highest bid where the price offered appears

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to be unduly low or for other reasons and provided also that the Registrar of the Division or the sale officer may, in his discretion, adjourn the sale to a specified day and hour, recording his reasons for such adjournment. Where a sale is not adjourned for a longer period than seven days, a fresh proclamation under clause (*e*) shall be made, unless the judgment-debtor consents to waive it. The sale shall be held after the expiry of not less than thirty days calculated from the date on which the notice of the proclamation was affixed in the Office of the Registrar of the Division. The time and place of sale shall be fixed by the Registrar of the Division and the place of sale shall be the village where the property to be sold is situated or such adjoining prominent place of public resort as may be fixed by the said Registrar :

Provided that in cases where an encumbrance certificate is not obtainable owing to the destruction of the connected records, an affidavit from the village Shanbhogue in regard to the encumbrances known to him supported by a certificate from the Registration Department that the encumbrance certificate cannot be granted owing to the destruction of the connected records, shall be accepted in the place of an encumbrance certificate.

(*g*) A sum of money equal to 25 per cent of the bid (purchase price) of the immovable property shall be deposited by the purchaser, in the hands of the sale officer at the time of the purchase, and in default of such deposit, the property shall forthwith be resold ; Deposit by purchaser and resale on default.

Provided that, where the decree-holder is the purchaser and is entitled to set off the purchase money under clause (*k*), the sale officer shall dispense with the requirements of this rule.

(*h*) The remainder of the purchase money and the amount required for the general stamp for the certificate under clause (v) of sub-rule (15) of this Rule shall be paid within fifteen days from the date of sale : Time for payment of the balance of the purchase money.

Provided that the time for payment of the cost of the stamp may, for good and sufficient reasons, be extended at the discretion of the Registrar of the Division up to thirty days from the date of sale :

Provided further, that in calculating the amounts to be paid under this clause, the purchaser shall have the

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advantage of any set off to which he may be entitled under clause (*k*) of this sub-rule ; and

Procedure in default of payment.

(*i*) In default of payment within the period mentioned in the last preceding clause, the deposit may, if the Registrar thinks fit after defraying the expenses of the sale, be forfeited to the Government and the defaulting purchaser shall forfeit all claims to the property or to any part of the sum for which it may subsequently be sold.

Notification on resale.

(*j*) Every resale of immovable property, in default of payment of the amounts mentioned in clause (*h*) within the period allowed for such payment shall be made after the issue of a fresh proclamation in the manner and for the period hereinbefore prescribed for the sale.

Where decree-holder purchases, amount of decree shall be taken as payment.

(*k*) Where a decree-holder purchases the purchase money and the amount due on the decree shall be set off against one another and the sale officer shall enter up satisfaction of the decree in whole or in part accordingly.

Release of property on payment of amount due.

(13) Where prior to the date fixed for sale, the judgment-debtor or any person acting on his behalf or any person claiming an interest in the property sought to be sold, tenders payment of the full amount due together with interest, batta and other expenses incurred in bringing the property to sale, including the expenses of attachment, if any, the sale officer shall forthwith release the property after cancelling, where the property has been attached, the order of attachment.

Application to set aside sale on deposit.

(14) (i) Where immovable property has been sold by the sale officer, any person either owning such property or holding an interest therein by virtue of a title acquired before such sale, may apply to have the sale set aside on his depositing with the Registrar of the Division :—

(*a*) for payment to the purchaser, a sum equal to 5 per cent of the purchase money and

(*b*) for payment to the decree-holder, the amount of arrears specified in the proclamation of sale for recovery of which the sale was ordered together with interest thereon and the expenses of attachment, if any, and sale and other costs due in respect of such amount less any amount which may, since the date of such proclamation, have been received by the decree-holder.

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(ii) If such deposit and application are made within 30 days from the date of sale, the Registrar shall pass an order setting aside the sale and shall repay to the purchaser the purchase money together with the 5 per cent deposited by the applicant :

Provided that, if more persons than one have made deposit and application under this sub-rule, the application of the first depositor to the officer authorised to set aside the sale, shall be accepted.

(iii) If a person applies under sub-rule (15) to set aside the sale of immovable property, he shall not be entitled to make an application under this sub-rule.

Application to set aside sale on ground of irregularity or fraud.

(15) (i) At any time within 30 days from the date of the sale of immovable property, the decree-holder or any person entitled to share in a rateable distribution of the assets or whose interests are affected by the sale, may apply to the Registrar of the Division to set aside the sale on the ground of a material irregularity or mistake or fraud in publishing or conducting it :

Provided that, no sale shall be set aside on the ground of irregularity or fraud unless the said Registrar is satisfied that the applicant has sustained substantial injury by reason of such irregularity, mistake or fraud.

(ii) If the application be allowed, the said Registrar shall set aside the sale and may direct a fresh one.

(iii) On the expiration of 30 days from the date of sale, if no application to have the sale set aside is made under sub-rule (14) or under clause (2) of this sub-rule or if such application has been made and rejected, the said Registrar shall make an order confirming the sale :

Provided that, if he shall have reason to think that the sale ought to be set aside, notwithstanding that no such application has been made or on grounds other than those alleged, in any application which has been made and rejected, he may, after recording his reasons in writing, set aside the sale.

(iv) Whenever the sale of any immovable property is not so confirmed or is set aside, the deposit or the purchase money, as the case may be, shall be returned to the purchaser.

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(v) After the confirmation of any such sale, the said Registrar shall grant a certificate of sale bearing his seal and signature to the purchaser.

Such certificates shall state the property sold and the name of the purchaser, and it shall be conclusive evidence of the fact of the purchase, in all courts and tribunals, where it may be necessary to prove it, and no proof of the seal or signature of the Registrar of the Division shall be necessary unless the authority before whom it is produced shall have reason to doubt its genuineness.

(vi) An order made under this sub-rule shall, subject only to the provisions of section 59 of the Act, be final; and shall not be liable to be questioned in any suit or other legal proceedings.

(vii) No application under Section 59 of the Act shall be presented to the Registrar or to the Government for modifying, annulling or reversing any order of the Registrar of the Division under this sub-rule after a period of one year from the date of such order.

Delivery of possession.

(16) Where any lawful purchaser of immovable property is resisted and prevented by any person other than a person not being the judgment-debtor claiming in good faith to be in possession of the property on his own account from obtaining possession of the immovable property purchased, any Court of competent jurisdiction, on application, and production of the certificate of sale provided for by sub-rule (15) shall cause the proper process to be issued for the purpose of putting such purchaser in possession, in the same manner as if the immovable property purchased had been decreed to the purchaser by a decision of the court.

Sale of immovable property to be proportionate to amount due.

(17) It shall be lawful for the sale officer to sell the whole or any portion of the immovable property of a judgment-debtor in discharge of money due, provided always that, so far as may be practicable, no larger section or portion of immovable property shall be sold than may be sufficient to discharge the amount due with interest, and expenses of attachment, if any, and sale.

Private alienation of property after attachment, to be void.

(18) Where an attachment has been made under these rules, any private transfer or delivery of the property attached or of any interest therein and any payment to the judgment-debtor of any debt, dividend or other moneys contrary to such attachment, shall be void as against all claims enforceable under the attachment.

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Explanation.—For the purpose of this sub-rule, claims enforceable under an attachment include claims for the rateable distribution of assets under sub-rule (24).

(19) Persons employed in serving notices or in other process under these rules shall be entitled to batta at such rates as may from time to time be fixed by the Registrar. Process servers to be paid batta.

(20) Where the cost and charges incurred in connection with attachment and sale of movable property or the attachment and sale or sale without attachment of immovable property under this rule, exceeds the amount of the cost deposited by the decree-holder under sub-rule (1), such excess shall be deducted from the sale proceeds of the property sold or the moneys paid by the judgment-debtor as the case may be, and the balance shall be made available to the decree-holder. Batta, interest and other charges recoverable from sale proceeds.

(21) Every person making a payment towards any money due for the recovery of which application has been made under this Rule, shall be entitled to a receipt for the amount, signed by the sale officer or other officer empowered by the Registrar of the Division in that behalf; such receipt shall state the name of the person making the payment and the subject matter in respect of which the payment is made. Receipts for payment of amount due.

(22) (*a*) Where any claim is preferred to, or any objection is made to the attachment of, any property attached under this rule on the ground that such property is not liable to such attachment, the sale officer shall investigate the claim or objection and dispose it of on the merits: Investigation of claims and objections to attachment of property.

Provided that no such investigation shall be made when the sale officer considers that the claim or objection is frivolous.

(*b*) Where the property to which the claim or objection relates has been advertised for sale, the sale officer may postpone the sale, pending the investigation of the claim or objection.

(*c*) Where a claim or an objection is preferred, the party against whom an order is made, may institute a suit within six months from the date of the order to establish the right which he claims to the property in dispute, but, subject to the result of such suit, if any, the order shall be conclusive.

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(23) (*a*) Any deficiency of price which may happen on a resale held under clause (i) of sub-rule (6) or clause (g) or clause (j) of sub-rule (12) by reason of the purchaser's default, and all expenses attending such resale shall be certified by the sale officer to the Registrar of the Division and shall, at the instance of either the decree-holder or the judgment-debtor, be recoverable from the defaulting purchaser under the provisions of this rule. The costs, if any, incidental to such recovery shall also be borne by the defaulting purchaser.

(*b*) Where the property may, on the second sale, sell for a higher price than at the first sale, the defaulting purchaser at the first sale, shall have no claim to the difference of increase.

Determination of attachment.

(24) Where any property has been attached in execution of a decree, but by reason of the decree-holder's default, the Registrar of the Division is unable to proceed further with the application for execution, he shall either dismiss the application or for any sufficient reason, adjourn the proceedings to a future date. Upon the dismissal of such application, the attachment shall cease.

Attachment in execution of decrees of several courts and rateable distribution of assets.

(25) (*a*) Where the sale officer attaches or has attached under these rules, any property, not in the custody of any court, which is already under attachment made in execution of a decree of any court, such court shall receive and realize such property and shall determine claims thereto and any objections to the attachment thereof.

Provided that where the property is under attachment in the execution of decrees of more courts than one, the court which shall receive or realize such property and shall determine any claim thereto and any objection to the attachment thereof, shall be the court of the highest grade, or where there is no difference in grade between such courts, the court under whose decree the property was first attached.

(*b*) where assets are held by the sale officer and before the receipt of such assets, demand notices in pursuance of applications for execution of decrees against the same defaulter have been received from more than one decree-holder and the decree-holders have not obtained satisfaction, the assets after deducting the costs of realization, shall be rateably distributed by the sale officer among all

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such decree-holders in the manner provided in section 73 of the Code of Civil Procedure, 1911.

Procedure for recovery of sums due to Government.

30. The provision of Rule 29 shall apply in regard to the recovery of any sum due to Government as 'decree-holder', subject to the following modifications, namely :—

(1) The Registrar of the Division in which the cause of action arose may, of his own motion, take any steps which he may deem suitable in the matter of such recovery in accordance with the provisions of that rule, without any application having been made to him in that behalf under sub-rules (1) and (2) thereof.

(2) It shall not be necessary to deposit any sum by way of costs as required by sub-rule (1).

(3) It shall not be necessary for the sale officer to give the decree-holder previous notice, as required by clause (*a*) of sub-rule (6), of the intention to serve the demand notice on the judgment-debtor and, in default of payment, to distrain his property, nor shall the provision of that clause which empowers the sale officer to require the decree-holder to undertake the custody of the distrained property apply.

(4) It shall not be necessary to send a copy of the attachment notice to the decree-holder as required by clause (*d*) of sub-rule (12).

(5) It shall not be necessary to give notice of the proclamation of sale to the decree-holder as required by clause (*e*) of sub-rule (12).

(6) The Registrar shall himself obtain the encumbrance certificate required to be furnished by the decree-holder under clause (*f*) of sub-rule (12).

(7) The payments required to be made under sub-clause (*b*) of clause (i) of sub-rule (14) shall be made to the sale officer, on behalf of the decree-holder.

(8) The application referred to in clause (i) of sub-rule (14), shall be made by the sale officer on behalf of the decree-holder.

Authentication of notice or process.

31. Every notice of process issued under the Act or under Rule 29 shall be in writing, shall be authenticated by the seal, if any, of the officer by whom it is issued, and

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shall be signed by such officer or by any person authorised by him, in writing, in that behalf.

Mode of making attachment before judgment.

32. (1) Attachment of property under section 50 or sub-section (4) of section 52 of the Act shall be made in the manner provided in Rule 29.

Investigation of claim to property attached before judgment.

(2) Where a claim is preferred to property attached under sub-rule (1), such claim shall be investigated in the manner and by the authority specified in Rule 29.

Removal of attachment when security furnished of suit dismissed.

(3) Where a direction is made for the attachment of any property under sub-rule (1), the Registrar of the Division shall order the attachment to be withdrawn:—

(*a*) When the party concerned furnished the security required together with security for the costs of the attachment; or

(*b*) When the liquidator determines under clause (*b*) of sub-section (2) of section 41 of the Act that no contribution is payable by the party concerned; or

(*c*) When the Registrar passes an order under sub-section (1) of section 50 of the Act that the party concerned need not repay or restore any money or property or contribute any sum to the assets of the society by way of compensation, or

(*d*) When the dispute referred to in sub-section (1) of Section 52 of the Act has been decided against the party at whose instance the attachment was made.

Attachment before judgment not to affect rights of strangers or bar decree-holder from applying for sale.

(4) Attachment made under sub-rule (1) shall not affect the rights existing prior to the attachment of persons not parties to the proceedings in connection with which the attachment was made, nor bar any person holding a decree against the person whose property is attached from applying for the sale of the property under attachment in execution of such decree.

Re-attachment not necessary if property is under attachment before judgment.

(5) Where property is under attachment by virtue of the provisions of this rule and a decree is subsequently passed against the person whose property is attached, it shall not be necessary upon an application for execution of such decree to apply for re-attachment of the property.

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33. Whenever any dispute or appeal instituted under the provisions of the Act is disposed of without contest, by agreement of parties, the Registrar or the Registrar of the Division or Government entertaining the dispute or the appeal shall, on the application of the petitioner (plaintiff) or appellant, grant a refund order to him authorising him to receive from the Treasury the amount of court fee paid on the dispute or the memorandum of appeal:

Provided that, the said application is made within six months of the date when the judgment or final order was passed.

34. When any two or more registered societies desire to amalgamate and form one society under section 51, clause (1) of the Act, the following procedure shall be observed:—

(1) The societies concerned shall convene a general meeting of their members and pass a resolution in favour of such amalgamation specifying the conditions under which the amalgamation is to be effected, the arrangements made for the proper exercise of the rights and the discharge of the liabilities of the societies amalgamating and the terms on which such of the members as are opposed to the amalgamation can withdraw from their membership if they so desire. The resolution must also specify the name of the amalgamated society and whether the amalgamation is with or without dissolution or division of funds of such societies or of any of them.

(2) An application supported by a copy of the resolution referred to in sub-rule (1) above, shall next be made to the Registrar by each of the societies concerned for approval. The Registrar may, if he deems fit, approve of such resolution and register the amalgamation:

Provided—

(*a*) that the general meeting of each society has been held in accordance with all the formalities prescribed in the bye-laws or other rules of the society, the rules and the Act; and

(*b*) that the resolution is passed by such majority, if any, as may be prescribed by the Act, the rules

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thereunder or the bye-laws and other rules of the society.

35. Where a registered society desires to transfer all or some of its engagements to another registered society under section 51, clause (2) of the Act, the following procedure shall be observed :—

(1) The society desiring to transfer its engagements to another society shall pass a resolution in favour of such transfer at a general meeting of its members specifying the conditions under which its engagements are transferred, the arrangements made for the proper exercise of its rights and the discharge of its liabilities and the terms on which such of the members as are opposed to the transfer may withdraw from their membership, if they so desire. The resolution shall also specify the name of the society to which the engagements are transferred and whether the transfer is with or without dissolution or division of funds of the society, the engagements of which are transferred.

(2) The society to which the engagements of another society are transferred shall pass a resolution at a general meeting of the members in favour of such transfer specifically accepting the terms of the transfer mentioned in sub-rule (1) above.

(3) Where the transfer of the engagements proposed by one registered society is accepted by another society in the manner stated in clauses (1) and (2) of this rule, an application by each of the societies which are parties to the transfer must next be made to the Registrar, supported by copies of the resolutions referred to in sub-rules (1) and (2).

The Registrar may, if he deems fit, approve of the resolutions and register the transfer :

Provided—

(*a*) that the general meeting of each society has been held in accordance with all the formalities prescribed in the bye-laws or other rules of the society, the Act or the Rules thereunder; and

(*b*) that the resolution is passed by such majority, if any, as may be prescribed by the Act, the rules thereunder or the bye-laws and other rules of the society.

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36. The person authorised by the Registrar to hold an enquiry under section 39(1) shall be an officer not below the rank of an Assistant Registrar of Co-operative Societies or such other person as the Registrar may appoint in writing to hold this enquiry.

37. Rules for the election of the members to the committees of management or of other offices of Co-operative Societies.—

(1) Soon after the close of the official year, the accounts of the society should be got audited, and the date of the annual general meeting fixed and intimated to all the members at least fifteen days before the date of the meeting.

(2) A list of members who are in default to the society in respect of their dues either on their own account or on behalf of others for a period of three months or more should be prepared and notices given to such defaulters at least fifteen days before the date fixed for the annual general meeting that they will not be eligible either to vote at the annual general election to the committee of management to any office in the society or to stand as candidates for the committee of management if they fail to pay up the amounts overdue at least seven days before the date of the annual general meeting.

Exception.—This provision shall not apply to such of the rural societies as may be exempted by the Registrar and also to such of the urban societies which are considered by him to be in need of such exemption on account of the backwardness of a majority of its members.

(2-A) As a rule all the members of the committee of management shall be deemed to have vacated their seats at the time of the annual general meeting but shall continue in office till relieved by their successors.

(3) Members desirous of standing as candidates to the committee of management, or to other offices should give their applications to the Secretary, or to the office of the society at least five days before the annual general meeting. In all cases of nominations, the consent of the concerned candidates should have been obtained in writing and sent to the society along with the nomination paper. If the consent of nominated candidates has not been taken before five days from the date of the general meeting

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their names shall not be included in the voting slips. A member may nominate as many persons as there are seats on the committee or other office, from among those who are not defaulters and give such nomination paper to the Secretary or to the office of the society at least five days before the annual general meeting. In all cases of nominations, the consent of the concerned candidates should have been obtained in writing and sent to the society along with the nomination paper. If the consent of nominated candidates has not been taken, their names shall not be included in the voting slips.

(4) The names of those who have duly applied or are nominated (if they are not otherwise ineligible) shall be noted in the voting slips, and a copy thereof shall be published on the notice board of the society three days before the date fixed for the annual general meeting.

(5) Three days before the date of the annual general meeting, a list of members eligible for voting should be prepared and kept in the society for inspection of members.

(*a*) In the preceding rules, wherever the words "at least" or "not less than" occur, the day of the act and the day of the event have both to be excluded in computing the period. Thus, if a meeting is fixed on the 28th of a month, the notice contemplated in sub-rule 1, should be sent at the latest on the 12th of the month.

(*b*) Where the words "..... days before" are mentioned, it is enough if either the day of the act or the day of the event is excluded. Thus, if the meeting is fixed on the 28th of a month, the publication of the voting slip contemplated in sub-rule 4 has to be done on the 25th at the latest.

(6) All the members that attend the annual general meeting should sign in the register kept for the purpose as they enter the place of the meeting.

(7) The general body should decide the time during which voting may take place. If the power of fixing the time of voting has been delegated to the committee by the general body, the committee may fix the same.

(8) Voters should appear in person and vote.

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(9) Identification slips may be issued to members entitled to vote. Members who hold identification tickets should produce them before the Polling Officer at the Polling Booth and obtain voting slips from him.

(10) The voting slip should bear the seal of the society or some other distinguishing mark.

(11) Canvassing or soliciting votes immediately prior to or during the conduct of elections shall be strictly prohibited within the polling booth where the polling is arranged to be held.

(12) Voting shall be by ballot, and voters should put a mark prescribed for this purpose against the names of candidates whom they wish to elect, fold the voting slip, and deposit it in the ballot box. The Polling Officers should help the illiterate members in marking against the names of the candidates in the voting slips.

(13) The general body should, before the commencement of election, appoint as many Polling Officers as may be ecessary for the proper conduct of elections and Tellers to count the votes.

(14) After all the voters present have voted or after the time fixed for voting by the general body or by the committee is over, the Polling Officer should stop voting and deliver the ballot box to the Tellers.

(15) Tellers shall take into consideration only such voting slips as shall have been regularly filled up.

(16) Soon after the counting of votes is over, the result shall be announced either at the annual general meeting, if possible, or published on the notice board of the society under the signature of the Chairman of the meeting.

(17) The Chairman of the annual general meeting shall arrange to keep in safe custody in the society in a sealed box the voting slips and their counterfoils, the register containing the signatures of members that attended the meeting and the report of the Tellers. These may be burnt two months after the date of the annual general meeting.

(18) If any member wishes to file any dispute regarding the elections, he should do so, within thirty days from

the date of announcement of the result of the election by presenting a petition before the Registrar.

38. (1) The management of the Mysore Provincial Co-operative Apex Bank, Ltd., shall vest in a Board of Directors consisting of twenty persons including the President.

(2) The President of the Board shall, until the expiration of three years from the constitution of the Board for the year 1950-51, be a person nominated by the State Government and shall thereafter be a member of the Bank elected by the general body every year at the annual general meeting of the Bank and approved by the State Government. The person nominated by the State Government shall hold office till his successor is appointed and he need not be a member of the Bank.

(3) Three members of the Board shall be nominated by the State Government. They shall hold office till their successors are appointed. They need not be members of the Bank.

(4) One Director representing the Provincial Co-operative Institutions in the State will be nominated by the State Government.

N.B.—A Provincial Co-operative Institution means a Co-operative Society of which Primary Co-operative Societies are also enrolled as members besides individuals and with an area of operation extending over the whole of the State.

(5) One Director shall be elected by the preference share holders from among themselves.

(6) One Director shall be elected by the representatives of affiliated Co-operative Societies situated within the Municipal limits of the City of Bangalore. One Director shall be elected from the representatives of affiliated Co-operative Societies situated within the Municipal limits of Mysore City.

(7) One Director shall be elected by the representatives of affiliated Urban Co-operative Societies situated in Bangalore, Tumkur and Kolar Districts excluding those situated within the Municipal limits of the City of Bangalore.

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(8) One Director shall be elected by the representatives of affiliated Urban Co-operative Societies situated in Mysore, Mandya and Hassan Districts excluding those situated within the Municipal limits of Mysore City.

(9) One Director shall be elected by the representatives of affiliated Urban Co-operative Societies situated in Shimoga, Chikmagalur and Chitaldrug Districts.

N.B.—The expression "Urban Co-operative Societies" in this rule shall mean all Co-operative Societies situated within the jurisdiction of the Town Municipalities including Minor Municipalities in the State and also the Sanitary Board of Kolar Gold Fields and the City Municipality of Davangere.

(10) The remaining nine Directors shall be elected by the representatives of affiliated Rural Co-operative Societies at the rate of one for each District from among themselves.

(11) The term of the office of the 15 elected Directors shall expire on the day of the Annual General Election following their election but they shall be eligible for re-election:

Provided, that no person shall hold office as Director for more than two terms consecutively.

(12) (i) Any vacancy occurring in the office of the elected President or any elected Director by death, resignation or any other cause, shall be filled up for the unexpired term of the Board in such a way that the number of representatives of each class of members shall be in conformity with preceding sub-rules, the election of the President being subject to the approval of the State Government.

(ii) Any vacancy occurring in the office of the nominated President or any nominated Director by death, resignation or any other cause shall be filled up by the State Government by nomination.

(13) The Chief Executive Officer of the Bank shall be the Secretary. He shall be a whole-time salaried Officer who shall be appointed by the Board out of the panel of names to be sent by the Registrar and subject to approval of the State Government. He shall not be a member of the Board. He shall be responsible for the administration of the Bank subject to the control of the President.

(14) The Bank shall have a duly qualified Auditor possessing a certificate of audit under the Mysore Auditors' Certificate Rules or a Chartered Accountant's qualification for the purpose of continuous internal audit and his appointment shall be subject to the approval of the Registrar.

39. In the case of any Urban Co-operative Society other than a Stores Society, the membership of which has, in the opinion of the Registrar, become unwieldy, the Registrar may, after hearing the objections, if any, of the society concerned, direct that further admissions be stopped or fix the maximum strength of membership for the said society. From an order passed by the Registrar under this rule, an appeal shall lie to Government within two months from the date of the communication of the order to the society concerned.

40. No society may take any action which would involve the society in the discussion or propagation of controversial opinions of a religious or political character and the Registrar may prohibit any action or rescind any resolution which in his opinion is of such a tendency.

41. In calculating the profits of a society for the year, for the purpose of declaring a dividend or bonus, all interest accrued due, but not actually realised shall be deducted from the gross profits of the year, before the net profits are arrived at. All accrued interest that has been so deducted from the profits of the year and that is actually recovered during the subsequent year, may be added to the profits of the subsequent year. The Registrar may in special cases and after due enquiry, permit or authorise a society to treat interest accrued due for a period not exceeding one year as profits; but if the amount so permitted to be treated as profits is not actually recovered during the subsequent year, it shall be deducted from the profits of such subsequent year before the net profits of that year are arrived at.

42. (i) A registered society may invest its funds in any bonds or loans issued by the Government of Mysore and secured upon its revenues or in any debentures issued under its authority and guaranteed by it or in securities in which a trustee may invest trust funds under any law for the time being in force in Mysore.

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(ii) With the previous approval of the general body and sanction of the Registrar, a registered society may invest its funds in the purchase or leasing of land or in the construction or acquisition of buildings as may be necessary or desirable for the conduct of the society's business.

43. Any officer or member of the committee of a society who appears as a legal practitioner (1) against such society, or (2) otherwise than in an honorary capacity on behalf of such society, shall be deemed to have vacated his office or ceased to be on the committee of such society.

44. (1) No person shall be eligible for admission as member of a society if he— Restriction on admission of persons as members.

(*a*) is a paid employee of the society, or

(*b*) is of unsound mind, or

(*c*) is an applicant to be adjudicated a bankrupt or an insolvent or is an uncertified bankrupt or an undischarged insolvent, or

(*d*) has been sentenced for any offence other than an offence of a political character or an offence not involving moral delinquency, such sentence not having been reversed or the offence pardoned.

(2) Any member of a society shall cease to be a member of the society if he—

(*a*) becomes a paid employee of the society, or

(*b*) becomes of unsound mind, or

(*c*) applies to be adjudicated or is adjudicated a bankrupt or an insolvent,

(*d*) is sentenced for any such offence as is described in clause (*d*) of sub-rule (1).

45. No person shall be eligible for election or appointment as a member of the committee of a society if he is a near relation of a paid employee of the society and a member of the committee of any society shall cease to hold his office as such if he becomes a near relation of a paid employee of the society: provided that if any question arises whether a person is or is not a near relation of a Disqualification of near relations of paid employees of societies for membership of committee.

paid employee of the society, the question shall be referred to the Registrar for decision.

Loans from State Funds.

46. (1) Loans from State Funds not exceeding Rs. 2,000 ordinarily may be made to any co-operative society.

(2) The amount advanced to any society shall not exceed five times the paid-up share capital of the society at the time of the issue of the loan and twice the paid-up share capital two years thereafter.

(2-A) In the case of Depressed Class Societies, the amount advanced to the society shall not exceed ten times the paid-up share capital or Rs. 1,000 whichever is more, at the time of the issue of the loan.

(3) All advances to a society may be free of interest for the first two years and will afterwards, subject to the sub-rule (14) below, bear interest at rates to be prescribed by Government from time to time.

Instalments for repayment.

(4) The advances shall be repayable in not more than three annual instalments commencing after the lapse of two years after the grant of the advance. But the Registrar may, at his discretion, prescribe a shorter period for repayment according to the circumstances of each case.

Application for an advance.

(5) A society requiring an advance shall submit to the Registrar an application in the form contained in Schedule B annexed to these rules.

Power to sanction advances and prescribe instalments for repayment.

(6) The Registrar, after satisfying himself as to the correctness of the statement made in the application, may sanction the payment of the advance from any treasury or sub-treasury and may prescribe the number of instalments of repayment and the dates on which each instalment is to be repaid:

Provided that, without the special sanction of the Government no advance sanctioned by the Registrar shall exceed Rs. 1,000.

Order sanctioning advance.

(7) If the Registrar sanctions an advance, his sanction shall be conveyed in an order in the form contained in Schedule C annexed to these rules.

(8) The Registrar shall send the original order to the society and a duplicate copy to the Comptroller for information.

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(9) Payment of any advance sanctioned shall be made to the persons authorised to receive the advance on behalf of the society on their producing the Registrar's order at the treasury named therein and executing an agreement in duplicate in the form contained in Schedule D annexed to these rules. Payment of advance.

(10) When payment of an advance has been made, the original agreement shall be sent to the District Treasury for safe custody and the copy forwarded to the Registrar.

(11) The Registrar may, if sufficient cause is shown and if all interest due has been paid, suspend the repayment of any instalment. Power to suspend repayment of instalments.

(12) Whenever the Registrar makes an order of suspension, he shall forthwith send a copy thereof to the Deputy Commissioner of the District and to the Comptroller.

(13) When an order of suspension is made in respect of any instalment, the repayment of that instalment and of all subsequent instalments shall be postponed for one instalment period.

(14) If any instalment due from any society is not fully repaid on the due date, interest at 6 per cent per annum to the date of repayment shall be recoverable on the amount overdue, unless the Registrar by special order exempts the society from this liability. Such orders are to be formally reported for the approval of the Goyernment. Procedure where instalment not repaid on due date.

(15) The Deputy Commissioner to whom instalments are repayable shall give prompt notice to the Registrar of default in repayment of any instalment.

(16) If, at the end of two years after the loan is issued, the society has not raised a paid-up share capital of half the amount of the loan, so much of the loan as exceeds twice the paid-up share capital of the society shall be repaid to the Government immediately thereafter, irrespective of other conditions.

47. Every Credit, Consumers' or Marketing Society with limited liability and a working capital of not less than rupees one lakh and every Land Mortgage Society which has loans outstanding from its members to the extent of Appointment of Secretary.

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not less than rupees two lakhs shall appoint a paid Secretary. Such appointment shall be subject to the approval of the Registrar:

Provided that a mortgage society or any other society which has a paid Secretary shall not dispense with his services except with the sanction of the Registrar.

Term of office of member of committee who is a representative of another society.

48. A representative of one society sitting on the committee of another society shall cease to be a member of such committee—.

(*a*) if he ceases to be a member of the society which elected him as its representative; or

(*b*) if the society which elected him as its representative withdraws him or elects another representative in his stead; or

(*c*) in case he was elected as a representative by a society, on the supersession of the committee of such society under Section 44 of the Act, provided that, the person or persons appointed under the said section shall have power to nominate himself or one among them or any member of the society, to the committee of another society; or

(*d*) if the registration of the society of which he is the representative is cancelled.

49. Sales in consumers' societies and consumer sections of other societies shall ordinarily be for cash and credit sales may be permitted by the Registrar of Co-operative Societies in special circumstances up to 75 per cent of the share capital paid-up by the members.

50. Service conditions of employees of co-operative societies:—

(1) *Appointment.*—Subject to the budget allotment sanctioned by the general body, the managing committee shall prescribe from time to time the strength of the establishment of the society and the scale of pay admissible to each member thereof.

(2) The members of the establishment shall be appointed by the managing committee.

(3) *Qualifications.*—No person shall be eligible for appointment to the posts mentioned below unless

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he possesses the qualification specified against them :—

A. Secretary, Assistant Secretary or Manager.—

(*a*) Degree of B.A. or B.Com. or B.Sc., L.Com. and D.Com., or degree of any recognised University in the case of societies having a working capital of rupees one lakh or more and S.S.L.C. (completed or eligible for admission to University or Government service) in others ; and

(*b*) a pass in the Government Technical Examinations in Book-keeping, Banking, Co-operation and Auditing or the examination in these subjects held by the Mysore Co-operative Institute, provided that a person who has taken the B.Com. degree shall be exempted from passing these examinations.

B. Accountants, Clerks, Ledger-keepers, Sales Clerks and Shroffs.—(*a*) S.S.L.C. (completed or eligible for College Course or Public Service), and

(*b*) a pass in the examinations in Book-keeping, Banking, Co-operation and Auditing held by the Government or the Mysore Co-operative Institute.

N.B.—No person who has been permanently employed before these rules come into force shall be required to acquire the qualifications pertaining to his post.

(4) No appointment by direct recruitment shall be made except by calling for applications from eligible candidates by notifying the same : provided that, this restriction shall not apply to the appointment of an officer whose services have been lent by the Government.

(5) *Age limit for entry into service.*—No person who has attained the age of 30 years shall be appointed to the service of the society : provided that, this restriction shall not apply to a person who is already employed in another co-operative society and had joined service therein before he attained the age of 30 years.

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(6) *Age of retirement.*—No employee shall ordinarily be continued in the service of the society if he has attained 60 years of age.

(7) *Period of probation.*—A person appointed to any post in the societies service shall be on probation for a period of one year, on the completion of which period, he shall be confirmed in the post, if his work and conduct have been satisfactory. The managing committee may terminate the services of an employee during the period of probation, if his work and conduct are not satisfactory.

(8) *Leave.*—Every employee of the society shall be eligible for ten days casual leave in a year and one month's privilege leave for every eleven months of duty : provided that not more than two months' such leave shall accrue to a person at any time and provided further no employee shall claim leave as a matter of right at any time.

(9) The Secretary shall be the authority competent to sanction casual leave to the other employees of the society ; and the President shall be the authority competent to sanction casual leave to the Secretary and privilege leave to all the employees including the Secretary.

(10) *Provident Fund.*—Every employee of the society who has been confirmed in his post shall be required to contribute to the Employees' Provident Fund of the society in accordance with the rules framed by the managing committee for the purpose.

(11) *Gratuity.*—When an employee who has put in at least ten years satisfactory service is retired from service, or if he dies while in service, the managing committee, may, with the approval of the general body, grant to him or to his heirs, as the case may be, a gratuity not exceeding one month's pay for every year of service.

(12) *Service Register.*—The society shall maintain a record of the services of every employee as also the leave availed of by him from time to time. All changes affecting the rank, emoluments, transfers from one branch to another and other allied matters, shall be recorded in this register

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and attested by the President of the society in the case of the Secretary and by the Secretary in the case of the other employees.

(13) *Use of official Information.*—No employee shall, except when generally or specially empowered or permitted by the managing committee, communicate directly or indirectly to any other person or institution or to the Press, any document or information, which has come into his possession in the course of his official duties, or has been prepared and collected by him in the course of such duties, whether from official sources or otherwise.

(14) *Pecuniary Relation.*—No employee shall have pecuniary transactions with individuals or institutions coming in contact with him in the course of his official duties or accept directly or indirectly either on his own behalf or on behalf of any other person any gift, gratuity or reward from any person with whom he may have to deal in his official capacity : provided that this rule shall not apply to the borrowings by an employee on the security of his deposits, savings, insurance policy, etc., from other institutions.

(15) *Employee and Elections.*—No employee of the society shall canvass or otherwise use his influence in any election of the members to the managing committee or other offices of the society.

(16) *Punishments.*—Any employee who contravenes the provisions of rules 13, 14 and 15 shall be liable for such punishment as the managing committee may determine.

(17) Any member of the establishment may for good and sufficient cause be punished. The Managing Committee shall be the authority competent to censure, fine, suspend, reduce, dismiss or withhold the increment of any employee of the society : provided that the Secretary shall be competent to censure or to impose a fine not exceeding Rs. 10 upon the other employees of the society.

(18) No kind of punishment except censure or fine not exceeding Rs. 10 shall be awarded to any employee unless he has been informed in writing of the

grounds on which it is proposed to take action against him and he has been afforded a reasonable opportunity to defend himself.

(19) An appeal shall lie to the general body of the society by any member of the staff who has been fined in excess of Rs. 10.

51. Procedure to be followed by Registrar when directing amendment of bye-laws under section 14 of the Act.—

(1) Where, in the opinion of the Registrar, an amendment of the bye-laws of a co-operative society is necessary or desirable, he may record his reasons therefor and communicate the same to the society with a copy of the bye-laws as it will stand after amendment and ask the society to summon a general body meeting to pass the amendment within such time, which shall not be less than a month, as he may direct.

(2) If the general body does not accept the suggestion of the Registrar regarding the amendment and if the Registrar is still of opinion that the amendment is necessary, he may proceed in the matter in the manner laid down in sub-section (2) of Section 14 of the Act.

(3) Where no appeal is presented within two months from the date of making the order under sub-section (2) of section 14 of the Act, the amendment shall take effect on the expiry of that period.

(4) Where an appeal is presented within the said period of two months, the amendment shall not take effect until it is confirmed by Government.

52. The statement of accounts of the society to be proposed by the committee under section 20 (g) of the Act shall be in the following form :—

I. Statement of Receipts and Payments.

Receipts.	*Payments.*
1 (*a*) Admission and share fees.	1 Share capital refunded.
(*b*) Share capital.	2 Deposits repaid :
2 Deposits :	Fixed,
Fixed,	Current,
Current,	Drawing,
Drawing,	Savings Bank,
Savings Bank,	Provident Fund, etc.
Provident Fund, etc.	

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Receipts.	*Payments.*
3 Loans from Financing Bank or Government.	3 Loans repaid to Financing Bank or Government.
4 Loans recovered from members.	4 Interest paid on deposits.
5 Investment realised.	5 Interest paid to Financing Bank or Government.
6 Interest recovered on loans.	6 Loans issued to members.
7 Interest on investments.	7 Investments in Banks, etc.
8 Sale proceeds of stock-in-trade.	8 Cash purchase of stock-in-trade.
9 Other items (with details).	9 Credit purchase of stock paid.
10 Opening balance on hand.	10 Other items (with details).
	11 Closing balance on hand.
Total ...	Total ...

II. Trading and Profit and Loss Account.

1 Opening stock.	1 By sales (less returns inwards).
2 Purchases (less returns outwards).	2 Closing stock.
3 Trade charges— Cart-hire. Cooly, freight, etc.	
4 Gross profit from trade.	
Total ...	Total ...

1 Establishment charges.	1 By gross profit from trade.
2 Travelling allowance.	2 Interest on loans and investments (less refunds).
3 Other charges: Printing, Stationery, Contingencies.	3 Miscellaneous receipts (with details.)
4 Depreciation on buildings, furniture and fittings, and machinery, etc.	
5 Other items.	
6 Net profits.	
Total ...	Total ...

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III. Balance Sheet as on 30th June

Liabilities.		*Assets.*	
	Authorised share capital. Subscribed share capital.	1	Cash and investments (with details).
1	Paid-up share capital.	2	Property: Furniture and fittings, machinery, etc., at cost less depreciation to date.
2	Reserve fund (statutory).	3	Loans: (*a*) Considered good. (*b*) Considered bad and doubtful. (*c*) Covered under suits and decrees. (Directors' loans Rs. .....) Overdues loans Rs. .....
3	Other funds.		
4	Deposits: Fixed, Current, Drawing, Savings Bank, Provident Fund, etc.		
5	Loans from Financing Bank or Government.	4	Advances.
6	Interest due.	5	Stock-in-trade (valued at cost price or market price whichever is less).
7	Management expenses due.		
8	Other liabilities (with details).	6	Other items (with details).
9	Net profits		
	Total ...		Total ...

Signature of Accountant. Signature of President. Signature of Secretary.

53. (1) The Management of the Mysore Central Co-operative Land Mortgage Bank, Ltd., shall vest in a Board of Directors consisting of the President and nineteen other members.

(2) (*a*) The President and one member of the Board shall be nominated by Government and they shall hold office till their successors are appointed. They need not be members of the Bank.

(*b*) Two members of the Board shall be representatives of debenture holders. These also need not be members of the Bank and shall be selected in the manner prescribed by the Government.

(*c*) Nine members of the Board shall be persons selected by representatives of affiliated Land Mortgage Societies attending the general meeting so as to ensure that Land Mortgage Societies in

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each of the nine Districts in the State shall be represented by one member of the Board.

(*d*) Six members of the Board shall be elected representatives of individual members; of these, four shall be persons residing in Bangalore City.

(*e*) The remaining one member shall be the representative of the ordinary co-operative societies which are members of the Bank.

(3) The members referred to in Rules 2 (*c*), (*d*) and (*e*) shall be elected annually by the respective groups of electors at the annual general meeting of the Bank:

Provided that no representative of Land Mortgage Society attending the general meeting shall be entitled to vote for more than one candidate from among the representatives of Land Mortgage Societies in any particular district.

(4) The election to the Board of Directors shall be conducted in accordance with Rule 37 of the Rules framed under the Mysore Co-operative Societies Act.

(5) Members of the Board of Directors other than the President and the members nominated under Rules 2 (*a*) and (*b*) shall hold office until their successors are appointed.

(6) If an affiliated Land Mortgage Society has served on the Board for one term, it shall not be eligible for election to the directorate during the next two succeeding years.

(7) Any casual vacancy occurring in the Board of Directors, except in the case of directors nominated by the Government, by death, resignation or any other cause shall be filled up for the unexpired term of the Board by appointment by the remaining members of the Board. Such appointment shall be made so as to ensure that the number of representatives, respectively, of the affiliated Land Mortgage Societies, of individuals and of the ordinary Co-operative Societies shall be in conformity with clause (2) above.

(8) The Chief Executive Officer of the Bank shall be the Secretary. He shall be responsible for the administration of the Bank, subject to the control of the President.

He shall be a whole-time salaried officer and shall be appointed by the Board of Directors with the approval of Government. He shall not be a member of the Board.

(9) The Bank shall have a qualified Auditor on its staff for purpose of continuous internal audit and his appointment shall be subject to the approval of the Registrar.

Trustee.

54. (1) When any part of the capital of the Bank consists of loans raised by debentures issued by the Bank, there shall be a Trustee appointed by Government whose duty it shall be to see that the Bank fulfils its obligations to the debenture-holders.

(2) The Trustee may call upon the Bank to transfer to his name its rights in the mortgages on the security on which debentures are issued.

(3) The Trustee may also require the Bank to credit an account to be opened in his name in any other Bank, approved by him, all recoveries made from members of the Bank under the terms of their mortgages, whether through equated payments or on redemption or upon sale.

(4) The Trustee shall also have the following powers :—

(i) to invest or to require the Bank to invest the money at the credit of his account in his own name in any investment or deposit authorised by any law in force relating to the investment of trust funds and to vary such investments at his discretion ;

(ii) to require the Bank to redeem any or all of the debentures according to the bye-laws relating to redemption ;

(iii) to determine the method of redeeming any debentures before the expiry of the term for which they were issued ; and

(iv) to proceed against the Bank or the mortgagors whose mortgage deeds have been transferred to him or against both, in case of default of payment of moneys to the debenture-holders.

(5) The Trustee may, at any time, be replaced by another Trustee. A Trustee, so appointed shall have the same powers, authorities and discretions and shall, in all respects, act as if he had been originally appointed.

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55. (1) A Primary Land Mortgage Society may be constituted for a village or a group of villages.

Constitution and working of primary Land Mortgage Societies and the mutual rights and obligations of such societies and the Central Co-operative Land Mortgage Bank.

(2) The liability of the members of a Land Mortgage Society so registered shall be limited.

(3) Every Land Mortgage Society shall become a member of the Central Co-operative Land Mortgage Bank and be bound by the bye-laws of the Bank. It shall then be termed an "affiliated society".

(4) Subject to the bye-laws of the Central Co-operative Land Mortgage Bank, loans shall be sanctioned to an affiliated society on such society furnishing a list of its members who have applied for loans together with the records of investigation relating to the object for which the loans are required, the sufficiency of the security offered and other material particulars necessary for arriving at a decision and also on condition of its transferring to the Bank the mortgage deeds obtained by it from the borrowers:

Provided that it shall be open to the Bank to require such additional enquiry or information as may be necessary or to cause any supplementary investigation to be conducted.

(5) The rates of interests for long-term and short-term loans charged on loans granted through an affiliated society to its members shall be subject to the approval of the Registrar of Co-operative Societies and shall, in no case, exceed eight per cent per annum for long-term loans and nine per cent per annum for short-term loans.

(6) An affiliated society shall undertake to collect periodically all dues from its debtors towards principal and interest and remit it to the Bank.

(7) The working of an affiliated society shall be subject to supervision and periodical inspection by the Bank, which shall also have a right to have the accounts of the society audited once at least every year.

(8) Every affiliated society shall be bound—

(*a*) to administer its work in strict conformity with its bye-laws;

(*b*) to carry out carefully the rules drawn up for its guidance by the Bank and to submit to the Bank such statements of accounts and reports as may be required by the Bank; and

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(c) to take the sanction of the Bank before raising funds from any source other than the Bank.

56. Rules for the distraint, preservation and sale of standing crops on property mortgaged to co-operative societies.

(1) On receipt of an application from the Committee of a Bank under section 89 of the Mysore Co-operative Societies Act, for the recovery of any instalment or part thereof under a mortgage executed in favour of the Bank by distraint and sale of the produce of the mortgaged land including the standing crops thereon, the Registrar may, after satisfying himself that the instalment or any part of such instalment has remained unpaid for more than one month from the date on which it fell due, and that the application has been made within twelve months from the date on which the instalment fell due, pass an order for the distraint of a sufficient part of the produce of the mortgaged land including the standing crops thereon.

(2) On passing such an order, the Registrar shall send a requisition to the Deputy Commissioner of the District in which such land is situate to effect the distraint together with a copy of his order.

(3) On receipt of such a requisition from the Registrar, it shall be lawful for the Deputy Commissioner—

(a) to require that the crop growing on the mortgaged land shall not be reaped until a notice in writing has first been given to himself or to some other officer to be named by him in this behalf and such notice has been returned endorsed with an acknowledgment of its receipt;

(b) to direct that no such crops shall be removed from the land on which it has been reaped or from any place in which it may have been deposited without the written permission of himself or of some other officer as aforesaid;

(c) to arrange for the crops being reaped and deposited, when it is not done in time by any holder of the land and delay is likely to result in damage to the produce and to realise the cost of labour thereby incurred from the sale proceeds of the crop;

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(*d*) to cause watchmen to be placed over any such crop to prevent the unlawful reaping or removal of the same and to realise the amount required for the remuneration of the said watchmen.

(4) The Deputy Commissioner's orders under either clause (*a*) or (*b*) of the above rule shall be made known by service of a notice thereof on the holder or holders of the mortgaged land, by public or proclamation, by beat of drum in the village and by affixing a copy of the order in the chavadi or some other public building in the village in which the mortgaged land is situated.

(5) Any person who shall disobey any such order after the same has been so proclaimed or a notice thereof has been served upon him or who shall within the meaning of the Indian Penal Code abet the disobedience of any such order shall, on conviction after summary enquiry by the Deputy Commissioner, be liable to pay a fine not exceeding double the amount for which it had been attached.

(6) If, within two months after the crop has been deposited, the amount due together with costs has not been paid, the Deputy Commissioner shall proceed to realise it by sale of such portion of the crop as is necessary, provided that the limit of two months shall not apply to articles of a perishable nature, which shall be sold immediately.

(7) When the sale of the distrained produce is ordered, the Deputy Commissioner shall issue a proclamation in Kannada of the intended sale, specifying the amount due, the time and place of sale and whether the sale is subject to confirmation or not. Such proclamation shall be made by beat of *tom tom* in the village in which the property is seized.

(8) A written notice of the intended sale shall be affixed in the Amildar's or the Deputy Amildar's Office and in the chavadi or other public building in the village in which the produce was seized.

(9) Sales shall be made by auction by such persons as Deputy Commissioner may direct. No such sale shall take place on a general holiday recognised by Government or until the expiration of at least seven days from the latest date on which the notice shall have been affixed as required by the last preceding rule.

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(10) The sale may from time to time be postponed for any sufficient reason.

(11) If the defaulter or any person, on his behalf, pays the instalment due together with such other charges legally due by him before the property is knocked down, to the officer appointed to conduct the sale or if he furnishes adequate security, the sale shall be stayed.

(12) Sale of perishable articles shall be finally concluded by the officer conducting such sales. All other sales finally concluded by the officer conducting the sales shall be subject to confirmation of such officer, as may be directed in the orders to be made by the Deputy Commissioner.

(13) When the sale of any movable property is finally concluded by the officer conducting the same, the price of every lot shall be paid for at the time of sale or as soon after as the said officer shall direct and in default of such payment, the property shall forthwith be again put up and sold. On payment of the purchase money, the officer holding the sale shall grant a receipt for the same and the sale shall become absolute as against all persons whomsoever.

(14) When the sale of any movable property is subject to confirmation, the party who is declared to be the purchaser shall be required to deposit immediately 25 per cent of the amount of his bid and in default of such deposit, the property shall forthwith be again put up and sold. The full amount of the purchase money shall be paid by the purchaser before sunset of the day after he is informed of the sale having been confirmed or if the said day be an authorised holiday, then before sunset of the first office day after such day. On payment of such full amount of the purchase money, the purchaser shall be granted a receipt for the same and the sale shall become absolute against all persons whomsoever.

(15) In default of payment, within the prescribed period of the full amount of purchase money, the deposit after defraying thereout the expenses of the sale shall, at the discretion of the Deputy Commissioner, be liable to be forfeited to Government either wholly or in part and the property shall be resold and the defaulting purchaser shall forfeit all claim to the property or to any part of the sum for which it may be subsequently sold.

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(16) If the proceeds of the resale, which is held by reason of the purchaser's default, be less than the price bid by such defaulting purchaser the difference shall be recoverable from him by the Deputy Commissioner as an arrear of land revenue.

(17) Every resale of property in default of payment of the purchase money or after the postponement of the first sale, shall, except when such resale takes place forthwith, be made after the issue of a fresh notice in the manner prescribed for original sales.

(18) Where the sale of any property is not confirmed or is set aside, the purchaser shall be entitled to receive back his deposit or his purchase money as the case may be.

(19) When any sale becomes absolute, the proceeds shall be credited to the Taluk Treasury to the account of the creditor Bank and the fact intimated to it or the amount due shall be remitted by a Remittance Transfer Receipt after defraying the expenses of watch and sale.

(20) If any claim be set by a third person to movable property attached under these provisions, the Deputy Commissioner shall admit or reject his claim on a summary inquiry held after reasonable notice. If the claim be admitted wholly or partly, the property shall be dealt with accordingly. Except in so far as it is admitted, the property shall be sold and the title of the purchaser shall be good for all purposes, and the proceeds disposable as aforesaid.

57. Every summons issued under section 81 of the Act shall be in writing and shall be authenticated by the signature and the seal, if any, of the officer or person by whom it was issued.

(1) It shall require the person summoned to appear before the said officer or person at a stated time and place and shall specify whether his attendance is required for the purpose of giving evidence, or to produce a document, or for both purposes; and any particular document the production of which is required shall be described in the summons with reasonable accuracy.

(2) Any person summoned merely to produce a document shall be deemed to have complied with the summons, if he causes such document to be produced instead of attending personally to produce the same.

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(3) Where the person whose attendance is required is a public officer, or is the servant of a railway company or local authority, the officer or person issuing summons may, if it appears to him, that the summons may be most conveniently so served, send it by registered post prepaid for acknowledgment, for service on the person whose attendance is required, to the head of the office in which he is employed together with a copy to be retained by that person.

(4) When the person whose evidence is required is unable, from sickness or infirmity, to attend before the officer or person issuing the summons, or is a person who by reason of rank or sex it may not be proper to summon, the officer or person issuing the summons may, of his own motion or on the application of the person whose evidence is required, dispense with his appearance, and examine him at his place of abode or business or cause him to be so examined, by a person specially deputed by him for the purpose.

(5) No copy of a document or of an entry therein taken under sub-section (3) of section 29-A of the Act shall be admissible in evidence unless it contains a certificate in the following form :—

"I certify that the above is a true copy of the/true copy of an entry or/entries in the and that I have compared the above copy with the original entry or entries in the/and found it/them to be correct."

Signature of the officer or person empowered under sub-section (1) of section 29-A of the Mysore Co-operative Societies Act.

(6) A party who desires the attendance of a person either to give evidence or produce a document shall deposit with the officer or person issuing the summons in cash—

(i) process fees in accordance with the scale fixed by the Registrar of Co-operative Societies, and

(ii) allowances payable to the person whose attendance is desired for appearing before the officer or person issuing the summons, in accordance with the scale fixed by the Registrar of Co-operative Societies.

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If the party required to make such deposit fails to do so within 15 days from the date of the order requiring him to make the deposit, the officer or person empowered to issue the summons may drop further action.

R.C.S. 53]

SCHEDULE A 1922

Form of Application for Registration of Co-operative Societies.

1. Name of the Society.

2. Address to be registered.

3. State whether liability of members is limited or unlimited.

4. Application to register a Society under the above name is made by the persons* whose names are subscribed hereunder.

5. The matters required by Rules 6 and 13 to be set forth in the bye-laws are provided for in the following manner, *viz.*—

Reference	Serial numbers of bye-laws in which corresponding provision is made
Rule 6 (1) clause (*a*) ...	
,, ,, (*b*) ...	
,, (*c*) ...	
,, ,, (*d*) ...	
,, ,, (*e*) ...	
,, ,, (*f*) ...	
,, ,, (*g*) ...	
,, ,, (*h*) ...	
,, ,, (*i*) ...	
Rule 13	

*Ten or more.

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6. With this application are sent two copies of the proposed bye-laws signed by each of the applicants, and a statement (see Appendix I) showing name, age, profession and place of residence of each subscriber.

Signatures (1)

(2)

(3)

(4)

(5)

(6)

(7)

(8)

(9)

(10)

(11)

(12)

(13)

(14)

(15)

Dated.....19

To

The Registrar of Co-operative Societies,
Bangalore.

APPENDIX I. 1024

Statement showing the particulars referred to in Paragraph 6 of Schedule A.

Name and father's name	Age	Tribe, class or caste	Profession	Place of residence (village, taluk and district)
(1) ...				
(2) ...				
(3) ...				
(4) ...				
(5) ...				
(6) ...				
(7) ...				
(8) ...				
(9) ...				
(10) ...				
(11) ...				
(12) ...				
(13) ...				
(14) ...				
(15) ...				

SCHEDULE B. 1025

Application for Advance from the Government.

1. We, the undersigned, being duly empowered in this behalf by the committee of*..... Co-operative Society, Ltd., Unlimited, apply for an advance of Rs..... (in words) ....., from the Government, to be paid at the.....Treasury.

2. The amount of capital raised as shares, or as deposits received from members, is Rs. (in words).....

3. We request that the advance may be made repayable at the District Treasury.....in.....annual instalments, the date of payment in each year being.....

4. Particulars of the indebtedness of the society are as follows:

(a) Due to members on account of deposits..... rupees.

(b) The amount borrowed from other sources, and the interest payable on each amount borrowed are as under—

Amount borrowed	From whom	Rate of interest	Condition as to re-payment

5. We attach hereto a copy of the resolution of the General Body authorizing the taking of an advance from the Government and specifying the members of the committee who may, in conjunction with the secretary, receive the amount and enter into an agreement with the Government for its re-payment.

Signature of Secretary.....

Dated..... *Signature of three members.* 1.....

2.....

3.....

*If the bye-laws of the society do not empower the Committee to borrow money on behalf of the society these words should be deleted.

SCHEDULE C. 1026

Order sanctioning an advance by the Government.

Registrar's No.....

1. Sanction is accorded to the payment of an advance of Rs .....(in words) from the..... Treasury to the undermentioned society subject to the following conditions as to payment :—

Name of society.....

Registered address.....

Number of annual instalments of re-payment.....

Date on which each instalment is to be recovered.....

2. The date on which the society was registered in the..... .....and the advance is free of interest for two years from the date of drawing the loan from the Treasury and carries interest at.....per cent per annum thereafter.

3. The budget allotment for such advances in the year 195 is Rs.....The aggregate amount of advances hitherto sanctioned during the year is Rs.....

4. The persons recognized as authorised by the Society to enter into an agreement for re-payment of the advance are the Secretary and any three of the members of Committee named b elow :—

Name of Secre tary.....

Names of Members
(1).....
(2).....
(3).....
(4).....

Registrar of Co-operative Societies.

By Order of His Highness the Maharaja,

-- A. S. KHALEEL,

Secretary to Government,
Local Self-Government Department.

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